

Stock code: 2702



Hotel Holiday Garden

Handbook for 2019 Annual meeting of shareholders

Time: June 19,2019

Venue:No. 279, Liuhe 2nd Road, Kaohsiung City

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Hotel Holiday Garden

The 2019 Annual Meeting of Shareholders

- 1.Meeting procedures
- 1.Call the meeting to order
- 2.Speech by the Chairman
- 3.Management Presentation
- 4.Proposals
- 5.Discussion and elections
- 6.Questions and motions
- 7.Adjournment

Hotel Holiday Garden

The 2019 Annual Meeting of Shareholders

2.Meeting agenda

Time:June 19,2019 (Wednesday)09:00

Place:Bamboo Forest Hall, 1st Floor, No. 279, Liuhe 2nd Road,
Kaohsiung City

1.Call the meeting to order

2.Speech by the Chairman

3.Management presentations

(1)2018 Business Report

(2)Supervisor's Review Report on the 2018 Financial Statements

(3)The 2018 Employees' bonus and directors' remuneration report.

(4)Report on the amendment of the "Rules of Procedure for Shareholders'

Meetings"

(5)Report on the current proposals by shareholders

4.Acknowledgments

(1)Adoption of Review Report on the 2018 Financial Statements

(2)Adoption of the Proposal for Distribution of 2018 Profits

5.Discussions and elections

(1)Proposal for issuing of new share through profits

(2)Amendment to the Articles of Incorporation

(3)Amendment to the Operational Procedures for Acquisition and Disposal of

Assets.

Amendment to the Operational Procedures for Loaning of Company Funds

Amendment to the Operational Procedures for Endorsements and Guarantees

Amendment to the Operational Procedures for the election of directors

Proposal of Re-election of directors (Election of the 19th Board of Directors)

6.Proposals and motions

7.Adjournment

3.Management Presentations

Report No.1: (proposed by the Board)

Proposal: The 2018 Business report

Explanation: Please refer to pages 4-8 of this handbook

Report No. 2 : (proposed by the Board)

Report:Supervisor's Review Report on the 2018 Financial Statements

Explanation: Supervisor's Review Report on the 2018 Financial Statements,
please refer to page 9 of this handbook

Report No.3(proposed by the Board)

Proposal:The distribution of remuneration of the employees, directors and supervisors

Explanation:

- 1.Pursuant to the articles 32-1, distribute 0.1%, employee's remuneration, NTD 286,787, by cash; and no distribution of remuneration of directors and supervisors.
2. Remuneration of NTD 286,787 and the estimation of 0 was made in 2018, a difference of NTD 286,787 is by estimation, the change in accounting estimates will be classified as profit and loss for the next year.No payment for the directors and supervisors,and there is no difference in the 2108 estimation.
- 3.Proposal is passed by the Board, and according to the law,the case is reported at the meeting of shareholders, and the procedures of distribution is assigned to the Chairman.

Report No. 4:(proposed by the Board)

Proposal:Amendmentto the rules of procedure for Shareholder meetings .

Explanation: In line with the setting up of the audit committee.it is proposed to amend "Rules of Procedure for Shareholder Meetings", please refer to pages 34 to 37 of this handbook (appendix 4).

Report No.5: (proposed by the Board)

Proposal: Report on proposals made by shareholders

Explanation: 1. During the fixed period of April 11 to April 22, 2019 allocated

for shareholders with more than 1% shares to make proposals, but none has been raised during this period. Please refer to page 81 of this handbook.

2. During the fixed period of April 11 to April 22, 2019 allocated for independent director with more than 1% shares to make nominations, but no nomination is made during that period. Please refer to page 81 of this handbook.

Hotel Holiday Garden

Business report

Dear ladies and gentlemen

Thank you for participating in the 2019 annual meeting of the shareholders, and thank you for your support and trust in the company.

Under the great impact on the environment and keen competition, we thank all the directors and all the staff for their concerted efforts. Thank you for your hard work.

This year, the company will continue to adhere to high service quality, improve software and hardware facilities, actively promotes various marketing activities, and develops diversified products through various sales channels to deepen and develop markets to create better performance.

The current five hotel operations in the United States have grown significantly. Together with the executives, we will lead all employees to continue their efforts, hoping to create more profits for shareholders.

1. Business results

(1) Guest rooms

The room department received 72,084 passengers from January to December of 2018, compared the same period in 2017, a decrease of 10,922 from 83,006, a reduction rate 13.16%; The Chinese accounted for 46.78% of all the guests, and guests from China accounted for 17.23%, guests from other regions accounted for 35.99%. Room occupancy rate is 36%, the revenue from room department is NT 57,375 thousand dollars, compared to the same period in 2017, NT 65,789 thousand dollars, a reduction of NT 8,414 thousand dollars, the decline was 12.79%.

(2) Food

The revenue from the food department for January to December 2018 was NT 45,265 thousand dollars, compared to the same period in 2017, NT 55,417 thousand dollar, a reduction of 10,152 thousand dollars, a decline of 18.32%.

(3) Subsidiary:

1. The revenue from the guest room of the US subsidiary for January to December, 2018 was US 35,225 thousand dollars, compared to the same period in 2017, US 40,874 thousand dollars, a reduction of US 5,649 thousand dollars, a decline of 13.82%.

2. The revenue received from January to December, 2018 from Hua Yuan Development, the subsidiary in Taiwan, was NT 5,053 thousand dollars.

(4) Enterprise:

The consolidated business revenue was NT1,169,715 thousand dollars, compared to the same period in 2017, NT1,365,105 thousands dollars, a reduction of NT195,000 thousand dollars, a decline of 14.31%.

2. Consolidated financial statements

(1) The net asset liabilities

As of December 31, 2018, the total assets of the Group were NT6,000,033 thousand dollars, out of which the total liabilities is 650,965 thousand dollars, accounted for 77.52%, the net rate is ND 77.52 percent, the total net worth is 1,349,068 thousand dollars, which accounted for 22.48% of the total assets.

(2) Profits and losses:

The revenue received for the period of January to December, 2018 was NT1,169,715 thousand dollars, compared to the same period in 2017, NT1,365,015 thousand dollars, a reduction of NT195,300 thousand dollars, a decline of 14.31%. The operation cost was NT227,903 thousand dollars, operation expenses of NT859,772 thousand dollars, operating profit of NT82,040 thousand dollars.

The net income from non-operating activities and expenses was NT316,443 thousand dollars, and the net profit before tax for the period was NT398,483 thousand dollars, NT39,802 thousand dollars compared to the same period in 2017, an increase of NT358,681 thousand dollars, increased by 901.16%.

3. Budget and execution

The annual operating income in 2018 was NT1,169,715 thousand dollars, and the budget being NT1,250,000 thousand dollars, an achievement rate of 93.58%; the net profit before tax is NT398,483 thousand dollars, budget net profit before tax being NT450,000 thousand dollars, an achievement of 88.55%.

4. Analysis of Financial revenue and profitability

Unit: NT thousand dollars

Items analyzed		The year		
		2018	2017	
Financial revenue and expenses	Net operating revenue	1,169,715	1,365,015	
	Gross profit	941,812	1,035,348	
	Net profit	212,662	(2,308)	
Profitability	Return of assets(%)	5.81	1.52	
	Return of equity (%)	17.45	(0.19)	
	Operating Income to Capital Stock to pre-tax income to capital(%)	Operating profit	8.02	13.43
		Income before tax	38.95	3.89
	Net profit margin(%)	18.18	(0.16)	
	Earnings per share (dollar)	2.08	(0.02)	

5. Status of R&D: Not applicable

6. Summary of business plan for the current year

(1) Annual business policy

1. Affordable food, and changes the image of the existing guest rooms

2. Cultivate marketing talents and increase exposure
3. Expand the company's business and develop new customers.
4. Expand the overseas revenues, and flexible allocation of funds to stabilize the financial structure of the company.
5. Changes mode of purchase, reduction of operation cost

(2) Expected sales quantity and its data

In 2019, we will actively expand the self guided tours in Japan, Hong Kong, Macao, Singapore and Malaysia, and to expand new networks platforms, and actively participate in the domestic and overseas travel exhibitions, as to raise the reputation of the company. In 2019

The hotel industry is expected to grow steadily due to the domestic economy and the tide of tourists to Taiwan is expected to grow steadily, and contributes to the revenue of the guest rooms and catering, and should be able to meet the sales target.

(3) Important sales strategy and future development strategy

1. To establish a talent cultivation system and to improve the quality of service
2. In response to the continuous increasing international customers, the quality of catering services is to be raised to attract consumer groups, so as to increase the income sources of the company.
3. Upgrade the existing rooms with advanced facilities and services, and expand business clients.
4. Use on-line marketing to enhance advertising efficiency

(4) Influenced by external competitive environment, regulations and overall business environment. Considering the tourism market in 2019, it is expected that the overall tourism industry will grow. The company upholds the principle of pragmatic stability and continuously adjust the business policy to respond to future market demand.

Person-in-charge:

Manager:

Chief accountant:

Hotel Holiday Garden

Supervisor's review report

The Board is expected to send the 2018 company's annual business report including the individual financial report, the consolidated financial report, and the proposal of surplus distribution. Upon the inspection of the supervisor, and no discrepancy found, and the report is prepared according to Article 219 of the Company Act and Articles of Incorporation.

Regards

The 2018 Annual Meeting of Shareholders of Hotel Holiday Garden

Hotel Holiday Garden

Supervisor : Cai Lihuang

Supervisor : Chen Weiyu

March 21,2019

4. Proposals

Report No.1: (proposed by the Board)

Proposal: To acknowledge the company's 2018 financial statements

Explanation:

1.The 2018 company's personal financial report and consolidated financial report were completed by Wu Jianzhi, an accountant of PricewaterhouseCoopers Taiwan), and Liao A-shen, who verified the reports.The business report is also completed and verified by the Supervisor. There is no discrepancy,and a verification report is issued.

2. Please refer to page 13-32 of the handbook.(Appendix 1 and 2)

Resolution:

Report No. 2 : (proposed by the Board)

Proposal: Adoption of the Proposal for Distribution of 2018 Profits

Explanation:

1.The distribution table of 2018 profits is completed and approved by the Supervisor, the distribution is as attached. Please refer to page 33 of this handbook (Appendix 3).

2.Distribution of shareholder dividends will be carried out after the resolution of the shareholders' meeting is made,the Board is authorized to set a separate ex-dividend, ex-rights date,distribution date and other issues.

3.The current cash profit is calculated base on the distribution ratio, and it will round up to dollar,and if it is less than a dollar, the distribution will be zero, and the allocation of less than one dollar is included in the company's other income.

Resolution:

5. Discussion and elections

Report No.1: (proposed by the Board)

Proposal:Proposal for a new share issue through capitalization of earnings. Please proceed to discuss.

Explanation:

The company intends to issue NT 81,841,140 dollars of shareholder dividends from the 2018 distributable surplus, with a denomination of NT\$10 per share. The shareholding ratio is recorded base on the registration date of the shareholder, and about 80 shares will be distributed free of charge for every holding of 1000 shares. If the allotment is less than one share, the shareholder can try to make it up within 5 days from the date of the share placement, and if it is still less than one share, base on the stock denomination it will be converted to cash, work out to dollar, (not considered when less than a dollar), and authorize the director to contact specific person to buy back, base on its denomination value.

2.The rights and obligations of new shares are the same as those of the original shares.

3.The distribution of new shares will be discussed during the shareholders meeting and submitted to the competent authority for approval, and authorizes the Board to set a new share placement and issue new shares.

4. Please proceed to consider.

Resolution:

Report No. 2 : (proposed by the Board)

Proposal: 11.Amendment to the Company's Corporate Charter (Articles of Incorporation). Please proceed to discuss.

Explanation:

In order to conform to the amendments to related laws and establishment of the audit committee, the company hereby proposes to amend the Corporate Charter.

Please refer to pages 38 to 44 of the handbook (appendix 5).

Resolution:

Report No.3(proposed by the Board)

Proposal:9.Amendment to the Operational procedures for Acquisition and Disposal of Assets.Please proceed to discuss.

Explanation:

In order to conform to the establishment of the audit committee amendment to the

operational procedures for Acquisition and Disposal of Assets. Please refer to pages 44 to 63 of this handbook(Appendix 6).

Resolution:

Report 4:(proposed by the Board)

Explanation:

Amendment to the Operational procedures for Loaning of company funds, please proceed to discuss.

Explanation:

In order to conform to the amendment of related law and setting up of the audit committee the company hereby proposes to amend the Operational Procedures for Loaning of company funds, please refer to pages 64 to 68 of the handbook (appendix 7).

Resolution:

Report No.5: (proposed by the Board)

Proposal:Amendment of the Operational Procedures for Endorsements and Guarantees. Please proceed to discuss.

Explanation:

In order to conform to the amendments to related laws and establishment of the audit committee, the company hereby proposes to amend the Operational Procedures for Endorsements and Guarantees, please refer to pages 69 to 75 of the handbook (appendix 8)

Resolution:

Report 6: (proposed by the Board)

Proposal: Amendment of Operational procedures of Election of Directors and Supervisor. Please proceed to discuss.

Explanation:

In order to conform to the amendments to related laws and establishment of the audit committee, the company hereby proposes to amend the Operational procedures of Election of Directors and Supervisor, please refer to pages 76 to 78 of the handbook (Appendix 9).

Resolution:

Report 7: (proposed by the Board)

Proposal: Election of new directors (election of the 19th Board of directors)

Explanation:

- 1.The term of the directors and Supervisor is ending on the June 19, 2019. It is proposed to re-elect In accordance with the law.
2. In order to promote corporate governance, the company, in comply with Article 14 of the Securities and Exchange Act, intends to establish the audit committee to replace the authority of the Supervisor.
- 3.In accordance with the Company Act and Articles of Incorporation, seven directors should be elected this time (including three independent directors, and nomination of candidates), and the term is for 3 years, and they can be re-elected.
- 4.The new term for the new directors is from June 19, 2019 to June 18, 2022, an office term of 3 years.
- 5.The election of independent director adopts the candidate nomination system. Three independent directors shall be elected. The name list is as follows:

Name	Li Dezhu	Li Qinglin	Lu Guoyin
Personal Identification	S22004****	E12082****	R10247****
Number of shares held	0	0	0
Current job	Head of Liangde Accounting Firm	Co-partner of Crowe Accounting Firm	Consultant of Fei Shida Co., Ltd.
Education	Bachelor of Commerce, Department of Accounting, Province University	Bachelor of Commerce, Department of Accounting, Tunghai University	Kun San University

Experiences	Accountant of Pricewaterhouse Coopers	Co-partner of Crowe Accounting Firm	Business director of Hua Yu Lien Development Co., Ltd.
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Resolution:

6. Questions and motions

7. Adjournment

Table 1

The accountant's audit report and the financial statement of 2018

The accountant's audit report

(2019) Financial Review No. 18044423

For Hotel Holiday Garden

Audit opinion

The individual balance sheets of Hotel Holiday Garden for the years of 2018 and December 31, 2017, and the individual comprehensive income statements for the years for 2018 and January 1 to December 31, 2017, Statement of changes in equity, individual Statements of Cash Flows, and individual financial statement (including the summary of major accounting policies), have been checked by the accountant.

In accordance with the opinion of the accountant, the above individual financial statements are prepared in line with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, which is sufficient to express the 2018 and December 31, 2017 individual financial status of Hotel Holiday Garden, and the 2018 and January 1 to December 31, 2017 individual financial performance and individual cash flow.

The basis of check opinion

The audit is carried out in accordance with the rules governing "Auditing and Certifications of Financial Statements by Certified Public Accountants" and the generally accepted auditing standards of the Republic of China. The responsibility of the accountants under these standards will be further explained in the accountability section of the accountant's audit of individual financial statements. In accordance with the professional ethics of the CPA accountant, it has maintained its detached independence from Hotel Holiday Garden and fulfil other responsibilities. The accountant believes that sufficient and appropriate evidence of the audit has been obtained as a basis for expression of the opinion.

Checking of Key items

The auditing of key matters refer to the most important matters of the audit of the 2018

individual financial statements of Hotel Holiday Garden in accordance with the professional judgment of the accountant. These matters have been dealt with in the process of auditing the overall individual financial statements and forming a review opinion. The accountant will not make a separate opinion.

The key check items for the 2018 individual financial statements of Hotel Holiday Garden are as follows:

Using the investment at equity to assess impairment

Explanation

For the accounting policies of the equity investment, please refer to appendice 4(11) of the individual financial statements. For the uncertainty of the accounting estimates and assumptions of the investment impairment assessment using the equity method, please refer to appendice 5 (2) of the individual financial statements; For the description of the equity method investment, please refer to appendice 6 (4) of the individual financial statements.

The intangible assets of subsidiaries of Hotel Holiday Garden Enterprise till December 31, 2018, are NT 403,004 thousand dollars, which accounts for 7% of the total assets. Due to the rising of all kinds of hotels, and keen competition between the hotel industries, the management considers estimation of intangible assets impairment as an independent and smallest cash production unit, and estimates the future cash flow volume and using the appropriate discount rate to measure the recoverable amount of the cash-generating unit as a basis for the assessment of the intangible asset.

The preceding paragraph illustrates when measuring the recoverable amount of the cash-generating unit by estimating the future cash flow, as estimation involves many assumptions including the determination of discount rate, and using the information prepared for financial forecast for the next five years, it is subjective and highly uncertain, resulting in significant impact on the measurement of recoverable amount.

Procedures of corresponding check

The check-up procedures regarding the execution of the key issues are as follows:

1. Understand and evaluate the management's operating procedures for estimating future cash flows from subsidiaries and confirm that the cash flows for the next five years are consistent with the operating plans approved by the Board of Directors.
2. Discuss specific aspects of the business plan with management and obtain information about the actual implementation of management's past operating plans to assess their intent and ability to execute.
3. Assess the rationality of the significant assumptions such as the parameters used and the discount rate, including the following procedures
 - The estimated growth rate used is compared with historical results and economic environment forecasts to assess its rationality.
 - The discount rate used is compared with the assumption cost of cash-generating unit capital and the similar asset return rate in the market to assess its rationality.

Responsibility of management and governing units regarding the consolidated financial statements

The management's responsibilities are based on the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and maintain the necessary internal controls relating to the preparation of the individual financial statements to ensure that there are no significant misrepresentations of fraud or errors in the individual financial statement.

In the preparation of the consolidated financial statements, the management's responsibilities also including assessment of the ability of the Hotel Holiday Garden to continue its operations, the disclosure of related matters, and the adoption of the accounting basis for its continuing operation, unless the management intends to liquidate the Hotel Holiday Garden or cease its operations, or if there is no other options that are practical or feasible, but to liquidate or cease its operations.

Those charged with governance(including the Supervisor) of Hotel Holiday Garden are responsible for overseeing the process of financial reporting.

The responsibility of the Accountant to audit the consolidated financial statements

The objectives of the Accountant auditing the consolidated financial statements are to obtain reasonable assurance about the financial statements as a whole are free from any material misrepresentation due to fraud or error and to issue an audit report. Reasonably assurance refers to a high level of assurance, but the verification work carried out in accordance with the generally accepted auditing standards of the Republic of China cannot guarantee that the significant misrepresentation of the consolidated financial statements can be detected. False expressions may be caused by fraud or errors. If the amount is misstated, individually or in aggregation, this would reasonably expected to affect the economic decision made by the consolidated financial statement users, and this will be considered to be significant impact.

In accordance with the generally accepted auditing standards of the Republic of China, the Accountant exercised professional judgment and maintained professional skepticism. The accountant also performs the following tasks.

1. We identified and assessed the significant misrepresentation of the consolidated financial statements due to fraud or error; designed and implemented appropriate response measures for the assessed risks and to obtain sufficient and appropriate evidence to check as the basis for the review. Because fraud may involve conspiracy, forgery, intentional omission, false statement or overstepping internal control, the risk of significant misrepresentation due to fraud not being detected is higher than the cause of the error.
2. We obtained the necessary understanding of the internal control of the audit to design an appropriate check procedure at the time, but the purpose is not to express an opinion on the effectiveness of the internal control of the Hotel Holiday Garden.
3. Assessment of the appropriateness of accounting policies adopted, and the rationality of

accounting estimates and related disclosures made by the management.

4. Conclusions are drawn on the basis of audit evidence obtained, whether the management adopts the appropriateness of the basis of continuing operations accounting and whether there are significant uncertainties in the events or circumstances that may cause significant doubts about the ability of the Hotel Holiday Garden to continue operation.

Evaluate the overall presentation, structure and contents of the consolidated financial statements (including related notes) and whether the individual financial statements represent the underlying transactions and events

6. Opinions expressed regarding the consolidated financial statements are based on sufficient and appropriate evidence obtained for the financial information of the entities of the Hotel Holiday Garden. The accountant is responsible for the guidance, supervision and execution of the audit and providing the audit opinions .

Communication with those charged with governance regarding the planned scope and the timing of inspection, and major findings (including significant internal control shortcomings identified during the audit).

We have also provided those charged with governance the statement that the personnel of our accounting firm subject to the requirements of independence have complied with the requirements of independence of the code of professional ethics of certified public accountants of the Republic of China and communicate with those charged with governance relationships and other matters that may influence our independence (including related preventive measures).

We described these matters in the accountant's report, unless the laws and regulations prohibit such disclosure or under rare condition that we decide not to communicate a given matter because the negative impact from such communication may override its public benefits under reasonable assumption.

PwC Taiwan

Wu Jianzhi

Independent accountant

Liao A-shen

The committee of the Financial Supervisory Commission
Approved Certificate Number: Financial Supervisory
Commission Certificate No. 1030027246
Committee of the former Executive Yuan Financial and
Supervisory Commission Approved certificate: Financial
and Supervisory certificate no. 1010015969

March 20, 2019

Hotel Holiday Garden
Individual balance sheet
January 1 to December, 2017 and 2018

Unit: NTD thousands

Assets	Notes	December 31, 2018		December 20, 2017		
		A m o u n t	%	A m o u n t	%	
Current assets						
1100	Caah and equivalent cash	6(1)	\$ 30,969	1	\$ 23,958	1
1150	Net bills receivable	6(2)	400	-	1,283	-
1170	Net receivables	6(2)	5,757	-	4,012	-
1200	Other receivables		3,355	-	3,193	-
130X	Current income tax assets		1,051	-	-	-
1410	Stock	6(3)	332	-	839	-
1476	Advance payments		2,188	-	2,664	-
1479		8	589,226	18	441,442	16
1479	Other current assets -others		93	-	48	-
11XX	Total current assets		<u>633,371</u>	<u>19</u>	<u>477,439</u>	<u>17</u>
Non-current assets						
1550	Using the equity investment method	6(4)	1,868,627	57	1,575,089	56
1600	Real estate, plant and equipment	6(5) and 8	712,968	22	732,376	26
1840	Deferred tax income	6(20)	43,745	2	39,332	1
1920	Refundable deposits		1,087	-	1,887	-
15XX	Total non-current assets		<u>2,626,427</u>	<u>81</u>	<u>2,348,684</u>	<u>83</u>
1XXX	Total assets		<u>\$ 3,259,798</u>	<u>100</u>	<u>\$ 2,826,123</u>	<u>100</u>

(Continued on the following page)

Hotel Holiday Garden
Individual balance sheet
January 1 to December, 2017 and 2018

Unit: NTD thousands

Liabilities and equity	Remarks	December 31, 2018		December 31, 2017	
		A m o u n t	%	A m o u n t	%
Current liabilities					
2100	Short term loans	\$ 1,204,500	37	\$ 1,059,977	37
2110	Short term notes payable	6(7) 130,000	4	130,000	5
2130	Contract liability- current	6(14) 6,967	-	-	-
2150	Bills payable	1,366	-	1,913	-
2170	Accounts payable	5,441	-	5,283	-
2200	Other payables	12,917	1	18,508	1
2230	Current income tax liabilities	-	-	118	-
2310	Advance payment	6(14) -	-	9,845	-
2320	Long-term liabilities due within one year or one business cycle	49,019	2	48,997	2
2399	Other current liabilities - others	1,699	-	1,699	-
21XX	Total current liabilities	<u>1,411,909</u>	<u>44</u>	<u>1,276,340</u>	<u>45</u>
Non current liabilities					
2540	Long term loans	6(8) and 8 90,273	3	139,291	5
2570	Deferred income tax liabilities	6(20) 280,216	8	194,225	7
2610	Long-term notes and accounts payable.	6(5) 127,577	4	127,577	4
2645	Guarantee deposit received	755	-	755	-
25XX	Total non-current liabilities	<u>498,821</u>	<u>15</u>	<u>461,848</u>	<u>16</u>
2XXX	Total liabilities	<u>1,910,730</u>	<u>59</u>	<u>1,738,188</u>	<u>61</u>
Equity					
Share capital					
3110	Common stock	6(10) 1,023,015	31	1,023,015	36
Capital surplus					
3200	Capital surplus	6(11) 2,169	-	2,169	-
Retaining surplus					
3310	Legal reserve	6(10)(12) 61,295	2	61,295	2
3320	Special reserve	71,161	2	71,161	3
3350	Retained earnings	215,768	7	806	-
Other equity					
3400	Other equity	6(13) (24,340)	(1)	(70,511)	(2)
3XXX	Total equities	<u>1,349,068</u>	<u>41</u>	<u>1,087,935</u>	<u>39</u>
Major events after the balance					
	11				

Please refer to notes of individual financial statements as provided, which is part of the parent company financial report.

Chairperson of the Board: Chen Hai-ni

Manager :Chen Hai-ni

Chief accountant : Wu Rencheng

Hotel Holiday Garden
Individual balance sheet
January 1 to December, 2017 and 2018

Unit: NTD thousands

sheet date							
3X2X	Total liabilities and equity	\$	<u>3,259,798</u>	<u>100</u>	\$	<u>2,826,123</u>	<u>100</u>

Please refer to notes of individual financial statements as provided, which is part of the parent company financial report.

Chairperson of the Board: Chen Hai-ni

Manager :Chen Hai-ni

Chief accountant : Wu Rencheng

Hotel Holiday Garden
Individual Comprehensive Income Statement
January 1 to December 31, 2017 and 2018

Unit: NTD thousands
(Except for earnings per share in NTD)

Items	Remarks	2018		2017	
		A m o u n t	%	A m o u n t	%
4000 Sales revenue	6(14) and 12(4)	\$ 102,640	100	\$ 121,206	100
5000 Operating cost	6(3)(18)(19)	(53,566)	(52)	(54,854)	(45)
5900 Gross profit		<u>49,074</u>	<u>48</u>	<u>66,352</u>	<u>55</u>
Operating expenses					
6200 Management expenses	6(9)(18)(19)	(93,135)	(91)	(99,226)	(82)
6900 Operating loss		<u>(44,061)</u>	<u>(43)</u>	<u>(32,874)</u>	<u>(27)</u>
Non-operating revenue and expenses					
7010 Other incomes	6(15)	13,069	13	6,537	5
7020 Other gains and losses	6(16)	14,803	14	(5,441)	(4)
7050 Financial cost	6(17)	(17,176)	(17)	(17,731)	(15)
7070 Shares of profit or loss of subsidiaries, affiliates and joint ventures accounted for using the equity method	6(4)	<u>320,153</u>	<u>312</u>	<u>47,138</u>	<u>39</u>
7000 Total non-operating income and expenses		<u>330,849</u>	<u>322</u>	<u>30,503</u>	<u>25</u>
7900 Net profit before tax(Loss)		<u>286,788</u>	<u>279</u>	<u>(2,371)</u>	<u>(2)</u>
7950 Income tax(expense) benefits	6(20)	(74,126)	(72)	63	-
8200 Net income (loss)		<u>\$ 212,662</u>	<u>207</u>	<u>(\$ 2,308)</u>	<u>(2)</u>
Other comprehensive income					
Subsequent items that may be reclassified to profit or loss					
8361 Exchange difference for conversion of financial statements of foreign operating institutions	6(13)	\$ 55,805	54	(\$ 158,662)	(131)
8380 Shares of subsidiaries, affiliates and other Comprehensive gains and losses of the joint ventures that are recognized by the equity method - items that may be reclassified to profit or loss	6(13)	-	-	4,851	4
8399 Income tax related to items	6(20)	(7,334)	(7)	<u>26,973</u>	<u>22</u>

Please refer to notes of individual financial statements as provided, which is part of the parent company financial report.

Chairperson of the Board: Chen Hai-ni Manager :Chen Haini

Chief accountant: Wu Rencheng

Hotel Holiday Garden
Individual Comprehensive Income Statement
January 1 to December 31, 2017 and 2018

Unit: NTD thousands
(Except for earnings per share in NTD)

	that may be reclassified						
8300	Other comprehensive income (net)		\$ 48,471	47	(\$ 126,838)	(105)	
8500	Current comprehensive income		\$ 261,133	254	(\$ 129,146)	(107)	
	Earnings per share (loss)	6(21)					
9750	Basic			2.08	(\$ 0.02)		

Please refer to notes of individual financial statements as provided, which is part of the parent company financial report.

Chairperson of the Board: Chen Hai-ni Manager :Chen Haini

Chief accountant: Wu Rencheng

Holiday Garden International Ltd.
Statement of Individual equity
1.1.2017-31.12.2017 and 2018

Unit: NTD thousands

	Notes	Common stock	Retained earnings			Other equities			Total
			Capital reserve - Above par issue	Legal surplus Reserves	Special surplus Reserves	Undistribut ed surplus	Exchange difference o n translation of Foreign Financial Statements	Profits and losses not realized f o r financial assets i n available-f or-sale	
<u>2017</u>									
Balance as of January 1, 2017		\$ 983,668	\$ 2,169	\$ 55,152	\$ 71,161	\$ 63,359	\$ 58,878	(\$ 2,551)	\$ 1,231,836
Net loss		-	-	-	-	(2,308)	-	-	(2,308)
Current other ocmprehensive income	6(13)	-	-	-	-	-	(131,689)	4,851	(126,838)
Current total comprehensive income		-	-	-	-	(2,308)	(131,689)	4,851	(129,146)
2016 Appropriation and distribution of retained earnings:									
Legal capital surplus		-	-	6,143	-	(6,143)	-	-	-
Stock dividends	6(10)(12)	39,347	-	-	-	(39,347)	-	-	-
Cash dividends	6(12)	-	-	-	-	(14,755)	-	-	(14,755)
Balance,December 31,2017		\$ 1,023,015	\$ 2,169	\$ 61,295	\$ 71,161	\$ 806	(\$ 72,811)	\$ 2,300	\$ 1,087,935
<u>2018</u>									

The attached individual financial report, the notes are part of the individual's financial report. Please refer to them together.

Chairperson of the Board: Chen Hai-ni

Manager : Chen Haini

Chief accountant: Wu Renchen

Holiday Garden International Ltd.
Statement of Individual equity
1.1.2017-31.12.2017 and 2018

Unit: NTD thousands

	Notes	Common stock	Retained earnings			Other equities		Total	
			Capital reserve - Above par issue	Legal surplus Reserves	Special surplus Reserves	Undistribut ed surplus	Exchange difference of translation of Foreign Financial Statements		Profits and losses not realized for financial assets available-for-sale
Balance, January 1, 2018		\$ 1,023,015	\$ 2,169	\$ 61,295	\$ 71,161	\$ 806	(\$ 72,811)	\$ 2,300	\$ 1,087,935
Effects of retrospective application and retrospective restatement	6(13)	-	-	-	-	2,300	-	(2,300)	-
Balance after restatement, January 1, 2018		<u>1,023,015</u>	<u>2,169</u>	<u>61,295</u>	<u>71,161</u>	<u>3,106</u>	<u>(72,811)</u>	<u>-</u>	<u>1,087,935</u>
Net income		-	-	-	-	212,662	-	-	212,662
	6(13)	-	-	-	-	-	48,471	-	48,471
Current comprehensive income		-	-	-	-	212,662	48,471	-	261,133
Balance as of December 31, 2018		\$ <u>1,023,015</u>	\$ <u>2,169</u>	\$ <u>61,295</u>	\$ <u>71,161</u>	<u>\$ 215,768</u>	<u>(\$ 24,340)</u>	<u>\$ -</u>	<u>\$ 1,349,068</u>

to them together.

The attached individual financial report, the notes are part of the individual's financial report. Please refer

Chairperson of the Board: Chen Hai-ni

Manager : Chen Haini

Chief accountant: Wu Renchen

Hotel Holiday Garden
Individual cash flow statement
January 1 to December 31, 2017 and 2018

	Notes	2018	2017
<u>Cash flows from operating activities</u>			
The current profit before tax(loss)		\$ 286,788	(\$ 2,371)
Adjusting items			
Revenue and expenses items			
List of bad debts expenses	12(3)	-	170
Depreciation expenses	6(5)(18)	29,591	30,487
Interest expenses	6(17)	17,176	17,731
Interest income	6(15)	(10,713)	(3,219)
Share of Profit of Associates & Joint Ventures Accounted for Using Equity Method	6(4)	(320,153)	(47,138)
Losses due to disposition and discarding of real estate, plant and equipment	6(16)	-	138
Changes in operating assets and liabilities			
Net changes in operating assets			
Bill receivables		883	357
Accounts receivable		(1,745)	(629)
Inventories		507	65
Advance payments		476	1,263
Other current assets - others		(45)	(40)
Net changes in liabilities related to operating activities			
Contract liabilities - current		(2,878)	-
Bills payable		(547)	(226)
Accounts payable		158	(653)
Other accounts receivable		(4,782)	2,697
Unearned receipts		-	1,759
Other current liabilities - others		-	(205)
Operating cash inflows (outflows)		(5,284)	186
Interests received		10,551	26
Interests paid		(17,070)	(17,679)
Income taxes paid		(1,051)	(180)
Net cash outflows from operating activities		(12,854)	(17,647)
<u>Net cash flows from investment activities</u>			
Other financial assets - increased flows		(147,784)	(441,442)
Investments Accounted for Using Equity Method	6(4)	(40,000)	(25,000)
Cash returned from capital reduction of investments accounted for using the equity method	6(4)	122,420	445,331
Aquisition of real estate, plants and equipment	6(23)	(11,098)	(1,882)
Disposal of property, plants, and equipment		-	53
Increase (decrease) in guarantee deposits paid		800	(36)
Net cash outflows from investment activities		(75,662)	(22,976)
<u>Cash flows from financing activities</u>			
Increase in short-term borrowings		1,517,500	1,209,977
Decrease in short-term borrowings		(1,372,977)	(1,129,977)
Increase in short-term notes and bills payable		-	25,000
Payments of long-term borrowings		(48,996)	(40,997)
Increase in guarantee deposits received		-	33
Distribution of cash dividends	6(12)	-	(14,755)
Net cash inflows from financing		95,527	49,281

Please refer to notes of individual financial statements as provided, which is part of the parent company financial report.

Chairperson of the Board: Chen Hai-ni Manager : Chen Haini

Chief accountant: Wu Renchen

Hotel Holiday Garden
Individual cash flow statement
January 1 to December 31, 2017 and 2018

	<u>Notes</u>	<u>2</u>	<u>0</u>	<u>1</u>	<u>8</u>	<u>2</u>	<u>0</u>	<u>1</u>	<u>7</u>
activities									
Net increase in cash and cash equivalents					7,011				8,658
Cash and cash equivalents - Beginning of Period	6(1)				23,958				15,300
Cash and cash equivalents, end of the period	6(1)				<u>\$ 30,969</u>				<u>\$ 23,958</u>

Please refer to notes of individual financial statements as provided, which is part of the parent company financial report.

Chairperson of the Board: Chen Hai-ni Manager : Chen Haini

Chief accountant: Wu Renchen

Table 2

Independent auditor's review report on the 2018 consolidated financial statements

Independent accountant's audit report

(2019) Tsai Shen Pao Tzu No. 18004571

For Hotel Holiday Garden

Opinion

We have audited the following financial statements of Hotel Holiday Garden and the subsidiaries (the "Group"): the consolidated balance sheets of December 31, 2018 and 2017, the consolidated statements of comprehensive income of January 1 to December 31 of 2018 and 2017, the consolidated statements of changes in equity, the consolidated statements of cash flows, and the notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017 and its consolidated financial performance and its consolidated cash flows for the period from January 1 to December 31 of 2018 and 2017 of the Group in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Standards (IFRs), the International Accounting Standards (IASs), and the related interpretations and interpretative bulletins endorsed by the Financial Supervisory Commission

Basis for opinion

The audit is carried out in accordance with the Regulations Governing the Auditing and Certification of Financial Statements by Certified Public Accountants and the generally recognized auditing standards of Republic of China.

The responsibilities of the accountants under these standards will be further described in the responsibility section of the accountant's audit of the consolidated financial statements. The personnel of the accounting firm subject to the independent requirements have complied with the code of professional ethics of certified public accountants of the Republic of China, stayed fully independent of the Hotel Holiday Garden, and performed other responsibilities in accordance with the code.

Audit of key matters

The key auditing matters, based on the professional judgment of the accountants, are the most important matters in the audit of the 2018 consolidated financial statement of Hotel Holiday Garden. These matters have been dealt with in the process of audition as a whole and a review opinion has been given. The accountant will not express a separate opinion on these matters.

The key audit matters of the consolidated financial statements of 2018 of the Group are determined as follows:

Evaluation of the Intangible assets impairment

Explanation

For accounting policies of intangible asset impairment, please refer to Note 4(17) of the consolidated financial statements. For accounting estimation and assumption uncertainty of evaluation of intangible investment impairment, please refer to Note 5(2) of the consolidated financial statements. For intangible assets, please refer to Note 6(6) of the consolidated financial statements.

The amount of intangible assets of Hotel Holiday Garden as of December 31, 2018 was NT\$403,004 thousands, accounting for 7% of the total assets.

The booming of a wide variety of hotels and accommodations and the strong competition in the hospitality industry in the recent years prompted the management, in the impairment assessment for intangible assets, treats each subsidiary as an independent and smallest cash-generating unit, and estimates the future cash flows and appropriate use of each subsidiary. The discount rate is discounted to measure the recoverable amount of the cash-generating unit, and uses it as a basis for assessing the impairment of intangible assets.

The aforementioned use of future cash flow for measuring the recoverable amount of the cash-generating unit may exert a significant impact on the measurement of the recoverable amount. The estimation involves a number of assumptions including the determination of the discount rate and the financial forecasts for the next five years, which may lead to subjective judgment and a high level of uncertainty. Therefore, the accountant has included the impairment assessment of intangible assets as an important matter for this year.

Corresponding audit program

The following audit program is implemented corresponding to the aforementioned audit matter

1. We worked on understanding and evaluated the management's operating procedures for estimating future cash flows from subsidiaries and verified that the cash flows for the next five years are consistent with the operating plans approved by the Board of Directors.
2. Specific aspects of the business plan have been discussed with the management and obtained information about the actual implementation of the operating plans in the past to assess their intent and ability to execute..
3. We evaluated the rationale of various parameters and material assumptions adopted, including the discount rates, by the following procedures:
 - To assess its rationality, the estimated growth rate used is compared with historical results and economic environment forecasts
 - To assess its rationality, the discount rate used is compared with the assumption of financing cost of the cash-generating unit and the similar asset returns rate in the market.

Other matters: The individual financial report

Hotel Holiday Garden has prepared the 2017 and 2018 individual financial statements and the accountant has issued an audit report with unmodified opinions for reference.

Responsibilities of the management and the governing unit for the consolidated financial statements

The responsibilities of management is to prepare appropriately stated consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Standards (IFRs), the international Accounting Standards (IASs), and the related interpretations and interpretative bulletins endorsed by the Financial Supervisory Commission of the Republic of China. Management is also responsible for maintaining necessary internal control relevant to the preparation of the consolidated financial statements to ensure that the consolidated financial statements are free from material misstatement by fraud or error.

In preparing the consolidated financial statements, the responsibilities of the management also includes an assessment of the ability of the Hotel Holiday Garden to continue its operations, the disclosure of related matters, and the adoption of the continuing accounting basis, unless the management intends to liquidate the Group, or to cease operations, or to liquidate or to have no other practical options but to cease the operation.

Those charged with governance (including the supervisors) of Group are responsible for supervising the Group's financial reporting procedure.

Account's responsibilities for the audit of consolidated financial statements

The purpose of the CPA's auditing the consolidated financial statements is to obtain reasonable assurance about the material misrepresentation of fraud or error in the consolidated financial statements, and to issue a verification report. Reasonable assurance is highly convincing, but the audit executed under the generally recognized auditing standards of Republic of China cannot guarantee that the significant misrepresentations, which may be caused by fraud or error, of the consolidated financial statements will be detected. If any individual amount or summary of the misstatements which can be reasonably expected to affect the economic decisions made by users of consolidated financial statements are considered to be significant.

When auditing in accordance with the generally recognized auditing standards of Republic of China, the Accountant uses professional judgment and maintains professional skepticism. The accountant also performs the following tasks.

1. Identifying and assessing the risk of material misstatement of the consolidated financial statement, which may be caused by fraud or errors, designed and implementing appropriate response measures for the risks assessed; and obtaining sufficient and appropriate evidence to form the basis for our opinions. Because fraud may involve conspiracy, forgery, intentional omission, false statement or overstepping internal control, the risk of significant misrepresentation due to fraud not being detected is higher than the cause of the error
2. We obtained an understanding of internal control relevant to the audit in order to design audit procedures suitable for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. The assessment of the appropriateness of accounting policies adopted by the management, and the rationality of accounting estimates and related disclosures
4. Based on the audit obtained, it can be concluded that on the appropriateness of management's adoption of the basis of continuing business accounting and whether there are significant uncertainties in the events or circumstances that may cause significant doubts about the ability of the Hotel Holiday Garden to continue operation. If the accountant believes that if there is a material uncertainty in the events or circumstances, the auditor is required to remind the users of the consolidated financial statements to pay attention to the relevant disclosures in the consolidated financial statements or to correct the comments when the disclosure is inappropriate. The conclusion is based on the date of the audit report.
5. We evaluated the overall presentation, structure and content of the consolidated financial statements (including the relevant notes), and whether the consolidated financial statements allow for the expression of relevant transactions and events..
6. We obtained sufficient and appropriate audit evidence regarding the financial information of entities

within the Group to express an opinion on the consolidated financial statements. The accountant is responsible for the guidance, supervision and execution of the group's audit case and is responsible for forming the group's audit opinion.

The discussions between the Accountant and the governing unit include the planned scope and time of audit, and major findings of the audit (including the significant shortcomings of internal control identified during the audit).

We have also provided those charged with governance the statement that the personnel of our accounting firm subject to the requirements of independence have complied with the requirements of independence of the code of professional ethics of certified public accountants of the Republic of China and communicate with those charged with governance relationships and other matters that may influence our independence (including related preventive measures).

Upon communicating with the governance unit, the accountant decided on the key matters to audit for the review of the 2018 consolidated financial statements of the Group. These matters are described in the audit's report, unless the laws and regulations prohibit such disclosure or under rare condition that we decide not to communicate a given matter because the negative impact from such communication may override its public benefits under reasonable assumption.

PwC Taiwan

Wu Chien-chih

Independent accountant

Liao A-shen

Financial Supervisory Commission

Issue Number: Financial-Supervisory-Securities-Auditing-1030027246

Committee of the former Executive Yuan Financial Supervisory Commission

Issue no.:Financial-Supervisory-Securities-Auditing-1010015969

March 20, 2019

Hotel Holiday Garden
Consolidated assets and liabilities
1.1.2017-31.12.2017 and 2018

Unit: NTD thousands

Assets	Notes	December 31, 2018		December 31, 2017		
		A m o u n t	%	A m o u n t	%	
Current assets						
1100	Caah and equivalent cash	6(1)(7)	\$ 1,801,148	30	\$ 729,863	14
1125	Financial assets available-for-sale	12(4)				
	- current		-	-	50,271	1
1150	Net notes receivable	6(3)	800	-	1,283	-
1170	Net accounts receivable	6(3)(7)	33,552	-	32,674	1
1200	Other accounts receivable	6(25)	52,043	1	3,193	-
1220	Current tax assets		54,697	1	-	-
130X	Inventories	6(4)	344	-	839	-
1410	Advance payments	6(7)	8,000	-	8,640	-
1460	Non-current assets held for sale	6(7)	-	-	443,567	8
1476	Other financial assets - current	6(7) and 8	589,226	10	561,441	11
1479	Other current assets -others		298	-	66	-
11XX	Total current assets		<u>2,540,108</u>	<u>42</u>	<u>1,831,837</u>	<u>35</u>
Non-current assets						
1600	Real estate, plants and equipment	6(5)(7) and 8	2,929,346	49	2,900,500	54
1780	Intangible assets	6(6)(7)	403,004	7	423,033	8
1840	Deferred tax assets	6(7)(22)	120,314	2	143,065	3
1920	Refundable deposits	6(7)	7,054	-	7,671	-
1990	Other non-current assets - others	6(7)	207	-	201	-
15XX	Total non-current assets		<u>3,459,925</u>	<u>58</u>	<u>3,474,470</u>	<u>65</u>
1XXX	Total assets		<u>\$ 6,000,033</u>	<u>100</u>	<u>\$ 5,306,307</u>	<u>100</u>

(Cont'd)

Hotel Holiday Garden
Consolidated assets and liabilities
1. 1. 2017-31. 12. 2017 and 2018

Unit: NTD thousands

Liabilities and equity	Notes	December 31, 2018		December 31, 2017		
		A m o u n t	%	A m o u n t	%	
Current liabilities						
2100	Short term loans	6(8) and 8	\$ 1,204,500	20	\$ 1,059,977	20
2110	Short term notes payable	6(9)	130,000	2	130,000	3
2130	Contractual liabilities - current	6(16)	10,371	-	-	-
2150	Notes payable		1,472	-	5,063	-
2170	Accounts payable		5,892	-	5,283	-
2200	Other accounts payable	6(7)	92,631	2	88,807	2
2230	Current tax		-	-	16,365	-
2260	Liabilities directly related to non-current assets available-for-sale	6(7)	-	-	366,560	7
2310	Unearned receipts	6(7)(16)	-	-	14,106	-
2320	Long-term liabilities - current portion	6(7)(10) and 8	198,832	4	156,478	3
2399	Other current liabilities - others	6(7)	1,777	-	1,723	-
21XX	Total current liabilities		<u>1,645,475</u>	<u>28</u>	<u>1,844,362</u>	<u>35</u>
Non-current liabilities						
2540	Long-term borrowings	6(7)(10) and 8	2,594,454	43	2,043,803	38
2570	Deferred income tax liabilities	6(7)(22)	282,304	5	201,875	4
2610	Long-term notes and accounts payable	6(5)	127,577	2	127,577	2
2645	Guarantee deposits received		1,155	-	755	-
25XX	Total non-current liabilities		<u>3,005,490</u>	<u>50</u>	<u>2,374,010</u>	<u>44</u>
2XXX	Total liabilities		<u>4,650,965</u>	<u>78</u>	<u>4,218,372</u>	<u>79</u>
Equity						
Consolidated net income attributable to owners of the parent company						
Share capital						
3110	Common share capital	6(12)	1,023,015	17	1,023,015	19
Capital surplus						
3200	Capital surplus	6(13)	2,169	-	2,169	-
Retained earnings						
3310	Legal reserve	6(12)(14)	61,295	1	61,295	1
3320	Special reserve		71,161	1	71,161	2
3350	Retained earnings		215,768	4	806	-
Other equity						
3400	Other equity	6(15) and 12(4)	(24,340)	(1)	(70,511)	(1)
31XX	Total equity attributable to the Stockholders of the Company		<u>1,349,068</u>	<u>22</u>	<u>1,087,935</u>	<u>21</u>
3XXX	Total equity		<u>1,349,068</u>	<u>22</u>	<u>1,087,935</u>	<u>21</u>
Significant contingent liabilities 9						

The attached individual financial report, the notes are part of the individual's financial report. Please refer to them together.

Chairperson of the Board: Chen Hai-ni Manager : Chen Haini

Chief accountant: Wu Renchen

Hotel Holiday Garden
Consolidated assets and liabilities
1. 1. 2017-31. 12. 2017 and 2018

Unit: NTD thousands

	and unrecognized contractual commitments				
	Major events after the balance sheet date	11			
3X2X	Total liabilities and equity		\$ 6,000,033	<u>100</u>	\$ 5,306,307 <u>100</u>

The attached individual financial report, the notes are part of the individual's financial report. Please refer to them together.

Chairperson of the Board: Chen Hai-ni Manager : Chen Haini

Chief accountant: Wu Renchen

Hotel Holiday Garden
Consolidated assets and liabilities
1.1.2017-31.12.2017 and 2018

Unit: NTD thousands
(Except for earnings per share, NTD)

Item	Notes	2018		2017	
		A m o u n t	%	A m o u n t	%
4000 Operating revenue	6(15) and 12(5)	\$ 1,169,715	100	\$ 1,365,015	100
5000 Operating cost	6(4)(20)(21)	(227,903)	(19)	(329,667)	(24)
5900 Gross profit		941,812	81	1,035,348	76
Operating expenses	5900				
6200 Management expense		(859,772)	(74)	(897,872)	(66)
6900 Operating profit		82,040	7	137,476	10
Non-operating income and expenses					
7010 Other income	6(17)	29,753	3	7,903	1
7020 Other gains and losses	6(2)(18)	426,326	36	(7,006)	(1)
7050 Financial cost	6(19)	(139,636)	(12)	(98,571)	(7)
7000 Total non-operating income and expenses		316,443	27	(97,674)	(7)
7900		398,483	34	39,802	3
7950 Income tax expense	6(22)	(185,821)	(16)	(42,110)	(3)
8200 Net income (loss).		\$ 212,662	18	\$ 2,308	-
Other comprehensive income					
Subsequent projects that may be reclassified to profit or loss					
8361 Exchange difference for conversion of financial statements of foreign operating institutions	6(15)	\$ 55,805	5	(\$ 158,662)	(11)
8362 Provision for sale of financial assets does not meet the evaluated benefits	12(4)	-	-	4,851	-
8399 Income tax related to items that may be reclassified	6(22)	(7,334)	(1)	26,973	2
8300 The current net comprehensive income (loss) after tax		\$ 48,471	4	(\$ 126,838)	(9)
8500 The current total interest (loss)		\$ 261,133	22	(\$ 129,146)	(9)
Net profit belonging to:					
8610 Stockholders of the Company		\$ 212,662	18	(\$ 2,308)	-

Please refer to attachment of consolidated financial statements provided, which is part of the consolidated financial statements

Chairperson of the Board: Chen Hai-ni Manager : Chen Haini

Chief accountant: Wu Renchen

Hotel Holiday Garden
Consolidated assets and liabilities
1.1.2017-31.12.2017 and 2018

Unit: NTD thousands
(Except for earnings per share, NTD)

The total amount of comprehensive (loss) benefits is attributable to				
8710	Stockholders of the Company	\$	<u>261,133</u>	<u>22</u> (\$ <u>129,146</u>) (<u>9</u>)
	Earnings per share (loss)			
				6(23)
9750	Basic	\$	<u>2.08</u>	(\$ <u>0.02</u>)

Please refer to attachment of consolidated financial statements provided, which is part of the consolidated financial statements

Chairperson of the Board: Chen Hai-ni Manager : Chen Haini

Chief accountant: Wu Renchen

Hotel Holiday Garden
Consolidated statements of Equity changes
1.1.2017-31.12.2017 and 2018

Unit: NTD thousands

	E q u i t y a t t r i b u t a b l e t o t h e C o m p a n y							T o t a l
	Notes	Common stock	Capital surplus Above par value	Legal reserves Reserves	Special surplus Reserves	Undistribut ed surplus	Other equities Profits and losses not realized for financial statement assets in available-f or-sale Conversion exchange difference	
Balance as of January 1, 2017		\$ 983,668	\$ 2,169	\$ 55,152	\$ 71,161	\$ 63,359	\$ 58,878 (\$ 2,551)	\$ 1,231,836
Current loss		-	-	-	-	(2,308)	-	(2,308)
		-	-	-	-	-	(131,689)	(126,838)
Current comprehensive income		-	-	-	-	(2,308)	(131,689)	(129,146)
The appropriations and distributions of the surplus of 2016								
Legal capital surplus		-	-	6,143	-	(6,143)	-	-
Share dividends	6(12)(14)	39,347	-	-	-	(39,347)	-	-
Cash dividends	6(14)	-	-	-	-	(14,755)	-	(14,755)
Balance as of December 31,2017		\$ 1,023,015	\$ 2,169	\$ 61,295	\$ 71,161	\$ 806 (\$ 72,811)	\$ 2,300	\$ 1,087,935
The year of 2018								
Balance as of January 1,2018		\$ 1,023,015	\$ 2,169	\$ 61,295	\$ 71,161	\$ 806 (\$ 72,811)	\$ 2,300	\$ 1,087,935
Influences of retrospective application and retrospective restatement	6(15)and 12(4)	-	-	-	-	2,300	(2,300)	-

The attached individual financial report, the notes are part of the individual's financial report. Please refer to them together.

Chairperson of the Board: Chen Hai-ni : Manager : Chen Haini
Chen Haini

Chief accountant: Wu Renchen

Hotel Holiday Garden
Consolidated statements of Equity changes
1.1.2017-31.12.2017 and 2018

Unit: NTD thousands

	<u>E q u i t y a t t r i b u t a b l e t o t h e C o m p a n y</u>							<u>T o t a l</u>
	<u>Common stock</u>	<u>Capital surplus Above par value</u>	<u>Legal reserves Reserves</u>	<u>Special surplus Reserves</u>	<u>Undistribut ed surplus</u>	<u>Other equities</u>	<u>Profits and losses realized for financial statement assets available-for-sale</u>	
<u>N o t e s</u>								
Re-edited balance as of January 1, 2018	<u>1,023,015</u>	<u>2,169</u>	<u>61,295</u>	<u>71,161</u>	<u>3,106</u>	<u>(72,811)</u>	<u>-</u>	<u>1,087,935</u>
Current net profit	-	-	-	-	212,662	-	-	212,662
The current other comprehensive profit and loss 6(15)	-	-	-	-	-	48,471	-	48,471
Current comprehensive income	-	-	-	-	212,662	48,471	-	261,133
Balance as of December 31, 2018	<u>\$ 1,023,015</u>	<u>\$ 2,169</u>	<u>\$ 61,295</u>	<u>\$ 71,161</u>	<u>\$ 215,768</u>	<u>(\$ 24,340)</u>	<u>\$ -</u>	<u>\$ 1,349,068</u>

The attached individual financial report, the notes are part of the individual's financial report. Please refer to them together.

Chairperson of the Board: Chen Hai-ni : Manager : Chen Haini
 Chen Haini

Chief accountant: Wu Renchen

Hotel Holiday Garden
Consolidated cash flow statement
January 1 to December 31, 2017 and 2018

Unit: NTD
thousands

The year 2017

	Notes	2	0	1	8	
<u>Cash flow of business activities</u>						
The current net profit before tax		\$		398,483		\$ 39,802
Adjusting items						
Income loss items that do not affect the cash flow						
Bad debts as listed	12(4)				-	170
Amortization expenses	6(5)(20)			203,296		305,300
Amortization cost	4(4)(20)			33,051		38,448
				3,145		-
Interest expenses	6(19)			139,636		98,571
Interest income	6(17)	(		27,288	(	4,585
Gain on disposal of available-for-sale group	6(18)	(		414,794	(-
Losses due to disposition and discarding of real estate, plant and equipment				127		138
Loss on disposal of investment	6(18) and 12(4)			-		1,565
Changes in operating assets/liabilities related to operating activities						
Net changes in assets related operating activities						
Notes receivables				483		357
Accounts receivable		(		1	(	592
Inventories				495		65
Advance payments				816	(	1,701
Other current assets - others		(		232	(	58
Net changes in liabilities related to operating activities						
Contractual liabilities - current		(		4,007	(-
Bills payable		(		3,591		2,924
Accounts receivable				609	(	653
Other accounts receivable		(		1,570	(	4,898
Advance payment				-		5,080
Other current liabilities - other		(		8,736	(	8,747
Operating cash inflows				319,922		488,680
Interest charged				27,127		1,392
Interest paid		(		136,214	(	98,386
Income taxes paid		(		157,621	(	84,903
Net cash inflows from operating activities				53,214		306,783
<u>Cash flows from investment activities</u>						
Acquisition of financial assets available-for-sale				-	(	49,051
Proceeds from disposal of financial assets available-for-sale				-		49,051
Decrease (increase) in other financial assets - current				4,280	(	548,772
Acquisition of property, plants and equipment	6(25)	(		163,616	(	134,212
Disposal of property, plants and equipment				-		53
Cash and cash equivalents classified to the group available for sale	6(7)			-	(	117,401
Proceeds from disposal of group available-for-sale				477,882		-
Decrease (increase) in guarantee deposits paid				868	(	2,039
Decrease in other non-current assets - others				184		-
Net cash inflows (outflows) from investment activities				319,598	(	802,371
<u>Cash flows from fundraising activities</u>						
Increase in short-term borrowings	6(26)			1,517,500		1,209,977
Decrease in short-term borrowings	6(26)	(		1,372,977	(	1,129,977
Increase in short-term notes and bills payable	6(26)			-		25,000
Proceeds from long-term borrowings	6(26)			663,300		553,826
Payments of long-term borrowings	6(26)	(		145,905	(	123,573
Increase in guarantee deposits received				400		33
Distribution of cash dividends	6(14)			-	(	14,755

Please refer to attachment of consolidated financial statements provided, which is part of the consolidated financial statements.

Director : Chen Haini

Manager : Chen Haini

Chief accountant: Wu Renchen

Hotel Holiday Garden
Consolidated cash flow statement
January 1 to December 31, 2017 and 2018

	Notes	2	0	1	8	
						Unit: NTD thousands
						The year 2017
Net cash inflow from fundraising activities				662,318		520,531
Influence of changes in exchange rate				36,155		(65,546)
The current increase(decrease) of cash and equivalent cash				1,071,285		(40,603)
Balance of cash and equivalent cash at the beginning	6(1)			729,863		770,466
Balance of cash and equivalent cash at the end	6(1)			<u>\$ 1,801,148</u>		<u>\$ 729,863</u>

Please refer to attachment of consolidated financial statements provided, which is part of the consolidated financial statements.

Director : Chen Haini

Manager : Chen Haini

Chief accountant: Wu Renchen

Hotel Holiday Garden
For the year 2018
Distribution of surplus table

Unit: New Taiwan dollar

Items	Amount	
	Sub-total	Total
Retained earnings at the beginning		\$ 806,149
IFRS 9 applicable effects		<u>2,299,853</u>
Adjusted surplus not being distribution		3,106,002
Net income for the year 2018	\$ 212,662,226	
Less: Submit a 10% legal capital surplus	<u>(21,266,223)</u>	<u>191,396,003</u>
Surplus available for distribution		194,502,005
Assignment projects		
Cash dividends of shareholder(0.2 dollar per share)		(20,460,284)
Share dividends of shareholder(0.8 dollar per share)		<u>(81,841,140)</u>
		<u>\$ 92,200,581</u>
Retained earnings at the end		

Note: According to the letter of 2002.04.06, the certificate No. 1010012865 issued by the Financial Supervisory Committee, due to the selection of the International Financial Reporting Standard No. 1 exemption project, the Company has not realized the revaluation and added value to the retained surplus portion, and proposed a special surplus reserve of NT 71,161 thousand dollars. The special surplus reserve is not able to bring forward to 2018.

Principal:

Manager:

Chief accountant:

Appendix 4

Hotel Holiday Garden

The Comparison Table of the Operational procedures of meeting of the Board

March 20,2019

Article	Clause before amendment	Clause after amendment	Purpose of amendment
Article 3	<p>The Board convening and meeting notice</p> <p>The board of directors of the company is convened at least once a quarter.</p> <p>The convening of the board of directors shall state the reasons and notify the directors and supervisors 7 days before the meeting 7th, but in case of emergency, they may call the meeting at any time.</p> <p>The notice of the convening of the preceding paragraph can be written, by email (e-mail) or by fax.</p> <p>Items of the first paragraph of Article 12 of this Code shall be listed in the cause of the convening, except for sudden emergencies or justified reasons, and shall not be submitted in a provisional motion.</p>	<p>The Board convening and meeting notice</p> <p>The board of directors of the company is convened at least once a quarter.</p> <p>The convening of the board of directors shall state the reasons and notify the directors and supervisors 7 days before the meeting, but in case of emergency, they may call the meeting at any time.</p> <p>The notice of the convening of the preceding paragraph can be written, by email (e-mail) or by fax.</p> <p>Items of the first paragraph of Article 12 of this Code shall be listed in the cause of the convening, except for sudden emergencies or justified reasons, and shall not be submitted in a provisional motion.</p>	In conform with the establishment of the audit committee
Article 12	<p>(Subject to discussion by the board of directors)</p> <p>The following items shall be discussed by the Board:</p> <ol style="list-style-type: none"> 1. The business plan of the company. 2. Annual financial report and 	<p>(Subject to discussion by the board of directors)</p> <p>The following items shall be discussed by the Board:</p> <ol style="list-style-type: none"> 1. The corporate business plan 2. 1. Annual and semi-annual financial reports, 	In conform with the establishment of the audit committee

Article	Clause before amendment	Clause after amendment	Purpose of amendment
	<p>semi-annual financial financial report, but the semi-annual financial report is not required to be accounted by the law.</p> <p>Otherwise stated.</p> <p>3. According to the Securities and Exchange Act (hereinafter referred to as the Securities Exchange) Article 14-1 establish or amend internal control systems, and the effectiveness of the internal control system assessment.</p> <p>4. According to Article 36-1 of the Securities and Exchange rules establish or amend the operational procedures of dispose of assets and engage in trading of the derivative goods, loans and endorsements provisions of guarantees for major business activities.</p> <p>5. The offering, issuance, or private placement of any equity-type securities.</p> <p>6. The appointment or discharge of a financial, accounting, or internal audit officer.</p> <p>7. Donations to related parties or substantial donations to non-related parties but because it is public welfare donations to major natural disasters it must be ratified at the next Board of directors' meeting.</p>	<p>with the exception of semi-annual financial reports that are not required under relevant laws and regulations to be audited and attested by a certified public accountant (CPA).</p> <p>3.1. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and assessment of the effectiveness of the internal control system.</p> <p>4. Adoption or amendment, pursuant to Article 36-1 of handling procedures for financial or operational actions of material such as acquisition or disposal of assets derivatives trading extension of monetary loans to others or endorsements or guarantees for others</p> <p>5. The offering, issuance, or private placement of any equity-type securities.</p> <p>6. The appointment or discharge of parties. a financial, accounting, or internal auditing officer.</p> <p>7. The donations of the related parties or significant donations from non-related as donation for natural disasters are considered as public</p>	

Article	Clause before amendment	Clause after amendment	Purpose of amendment
	<p>8.Pursuant to article 14-3 of the Securities Exchange, other legal orders or Articles of Incorporation shall be decided by the shareholders' meeting or matters as resolved by the board of directors or substantial matters as stipulated by the competent authority.</p> <p>9.The remuneration of the directors, supervisors and managers shall be decided by the Board, after the recommendations by the remuneration committee.</p> <p>When the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee regarding the remuneration of directors, supervisors and managers, there must more than two-thirds of all directors present and more than half of the directors present must agree to the act, and explain if the remuneration approved by the board of directors is better than the recommendation of the remuneration committee</p> <p>If the remuneration passed by the directors is better than the recommendation of the remuneration committee, the differences and reasons shall be stated in the minutes of the board of directors, and shall be</p>	<p>welfare, it must be ratified at the next meeting of the Board.</p> <p>8.Pursuant to Article 14-3 other legal orders or articles of association shall be decided by the shareholders' meeting or the board of directors major matters prescribed by the competent authority</p> <p>9.The remuneration committee shall propose the remuneration of the directors and managers, and the board of directors will decide.</p> <p>When the Board does not adopt or amend the recommendations of the Remuneration Committee regarding the remuneration of directors and managers, there must be more than two-thirds of directors present, and more than half of the directors attending must agree, and verify if the resolution adopted by the board of directors is better or not than the recommendation of the committee.</p> <p>If the remuneration decided by the directors is better than the recommendation of the remuneration committee, the differences and reasons shall be stated in the minutes of the meeting of the Board, , and shall be announced within 2 days from the date of approval by the Board..</p> <p>The term "related party" in</p>	

Article	Clause before amendment	Clause after amendment	Purpose of amendment
	<p>announced within 2 days from the date of approval by the board of directors.</p> <p>When the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee regarding the remuneration of directors, supervisors and managers, there must more than two-thirds of all directors present and more than half of the directors present must agree to the act, and explain if the remuneration approved by the board of directors is better than the recommendation of the remuneration committee</p> <p>The term "within a one-year period" means the period between one year prior to the date of this Board meeting and the date of this Board meeting. Amount of the donations already approved by the Board should be excluded.</p> <p>At least one independent Director shall attend the meeting in person; for the first resolution to be made at the meeting of the board, all independent directors shall be present. If an independent Director is not able to attend the meeting in person, he or she shall appoint another independent Director to attend the meeting on his or her behalf.</p> <p>Any objection or reservation that an independent Director may have shall be specified in the minutes of proceedings of</p>	<p>subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "substantial donation to a non-related party" means any donation or a series of donations within a one-year period to a single recipient that, on an individual basis or cumulatively, amount to NT\$ 100 million or more, or reach 1 percent of the net operating revenue or 5 percent of the paid-in capital as stated in the audited financial reports for the most recent fiscal year</p> <p>The term "within a one-year period" means the period between one year prior to the date of this Board meeting and the date of this Board meeting. Amount of the donations already approved by the Board should be excluded.</p> <p>At least one independent Director shall attend the meeting in person; for the first resolution to be made at the meeting of the board, all independent directors shall be present. If an independent Director is not able to attend the meeting in person, he or she shall appoint another independent Director to attend the meeting on his or her behalf.</p> <p>Any objection or reservation that an independent Director may have shall be specified in the minutes of proceedings of</p>	

Article	Clause before amendment	Clause after amendment	Purpose of amendment
	<p>the Board meeting. If an Independent Director wishing to express his or her objection or reservation is unable to attend the Board meeting in person, he or she shall provide a written statement providing his view and opinions on the relevant matters for consideration at the Board meeting and his statement shall be included in the minutes of the Board meeting, unless there is some legitimate reason to do otherwise.</p>	<p>the Board meeting. If an Independent Director wishing to express his or her objection or reservation is unable to attend the Board meeting in person, he or she shall provide a written statement providing his view and opinions on the relevant matters for consideration at the Board meeting and his statement shall be included in the minutes of the Board meeting, unless there is some legitimate reason to do otherwise.</p>	
Article 16	<p>Meeting minutes and signature Proceedings of the Company's Board meetings shall be recorded in the meeting minutes, which shall specify the following matters in detail:</p> <ol style="list-style-type: none"> 1,Term (or year) of the meeting, and time and place; 2,Name of chairman 3,Attendance of Directors, including names and numbers of Directors who are present at the meeting, on leave or absent from the meeting; 4,Names and titles of the guests at the meeting; <p>Name of the secretary of the meeting;</p>	<p>Meeting minutes and signature Proceedings of the Company's Board meetings shall be recorded in the meeting minutes, which shall specify the following matters in detail:</p> <ol style="list-style-type: none"> 1,Term (or year) of the meeting, and time and place; 2,Name of chairman 3,Attendance of Directors, including names and numbers of Directors who are present at the meeting, on leave or absent from the meeting; 4,Names and titles of the guests at the meeting; <p>Name of the secretary of the meeting;</p>	In conform with the establishment of the audit committee

Article	Clause before amendment	Clause after amendment	Purpose of amendment
	<p>Matters to be reported; Matters for discussion: How a proposal is resolved and the result; summary of statement by Directors, experts and other persons; the name of any Director that is an interested party as referred to in paragraph 1 of the preceding article, the explanation of the important aspects of the interest, the reasons why the Director was required or not required to abstain, and whether the Director has abstained; objections and/or reservations with records or written statements; and written opinions issued by Independent Directors in accordance with the provisions under Paragraph 4, Article 12 of these Rules. 8,Extraordinary motion:Name of the person submitting a proposal how a proposal is resolved and the result; summary of statement by Directors, experts and other persons;</p>	<p>Matters to be reported; Matters for discussion: How a proposal is resolved and the result; the name of any Director that is an interested party as referred to in paragraph 1 of the preceding article, the explanation of the important aspects of the interest, the reasons why the Director was required or not required to abstain, and whether the Director has abstained;and written opinions issued by with records or written statements; reservations with records, objections and/or reservations with records or written statements; with the provisions under Paragraph 4, Article 12 of these Rules. and written opinions issued by Independent Directors in accordance with the provisions under Paragraph 4, Article 12 of these Rules 8,Extraordinary motion:Name of the person submitting a proposal how a proposal is resolved and the result;</p>	

Article	Clause before amendment	Clause after amendment	Purpose of amendment
	<p>the name of any Director that is an interested party as referred to in paragraph 1 of the preceding article, the explanation of the important aspects of the interest, the reasons why the Director was required or not required to abstain and whether the Director has abstained; and objections and/or reservations and written opinions issued by with records or written statements; reservations with records.</p> <p>9,Other matters to be included</p> <p>The Board meeting attendance book is part of the minutes of the proceedings and shall be properly kept during the existence of the Company</p> <p>Minutes of the proceedings shall be signed or sealed by the chairrman and the secretary of the meeting, and copies thereof shall be distributed to all Directors within twenty (20) days of the meeting. The minutes shall be deemed important files of the Company and be properly kept during the existence of the Company</p> <p>Preparation and distribution of the minutes of the proceedings</p>	<p>summary of statement by Directors, experts and other persons;</p> <p>the name of any Director that is an interested party as referred to in paragraph 1 of the preceding article, the explanation of the important aspects of the interest, the reasons why the Director was required or not required to abstain and whether the Director has abstained; and objections and/or reservations with records or written statements;</p> <p>Other matters to be included.</p> <p>The Board meeting attendance book is part of the minutes of the proceedings and shall be properly kept during the existence of the Company</p> <p>Minutes of the proceedings shall be signed or sealed by the chairman and the secretary of the meeting, and copies thereof shall be distributed to all Directors within twenty (20) days of the meeting. The minutes shall be deemed important files of the Company and be properly kept during the existence of the Company</p>	

Article	Clause before amendment	Clause after amendment	Purpose of amendment
	in the first paragraph may be done electronic transmission.	Preparation and distribution of the minutes of the proceedings in the first paragraph may be done electronic trasmission.	

Hotel Holiday Garden
Amendment Revisions of Articles of Incorporation (42th)

June 19, 2019

Article	Clause before amendment	Clause after amendment	Purpose of amendment
Article 9	Deleted.	<u>The company stipulates the shares to be bought in accordance with the law, and the entities entitled to the transfer of these shares, restricted stock for employees shares, the issuance of employee stock warrants or new restricted employee shares, shall include the employees of parents or subsidiaries of the company meeting certain specific requirements.</u>	In order to conform to the needs of commercial practice (or amendments to related commercial laws)
Article 11	There are two kinds of shareholders' meeting: Regular meeting to be held at least once every year. Special meeting to be held when necessary.	There are two kinds of shareholders' meeting: Regular meeting shall be held at least once every year, and shall be convened within six months after close of each fiscal year. Special meeting shall be held when necessary.	Text correction accordingly
Article 18	<p>The board of directors of a company shall have five to seven directors who shall be elected by the shareholders' meeting from among the persons with disposing capacity.</p> <p>The term of office is three years, and they may be re-elected. The total registered shares owned by the directors and supervisors shall be in accordance with the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public</p>	<p>The board of directors of a company shall have five to seven directors who shall be elected by the shareholders' meeting from among the persons with disposing capacity.</p> <p>The term of office is three years, and they may be re-elected. The total registered shares owned by the directors and supervisors shall be in accordance with the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public</p>	In conform with the establishment of the audit committee

Article	Clause before amendment	Clause after amendment	Purpose of amendment
	<p>Companies as set by the securities authority.</p> <p>Among the above-mentioned directors of the company, the number of independent directors shall not be less than two. The election of independent directors adopts the candidate nomination system, and the Board shall elect the independent directors from among the listed of independent director candidates. The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements with regard to the independent directors shall be set forth in accordance with the relevant regulations of the securities authority.</p> <p>The company shall take out directors liability insurance with respect to liabilities resulting from exercising their duties during their terms.</p>	<p>Companies as set by the securities authority.</p> <p>Among the above-mentioned directors of the company, the number of independent directors shall not be less than three. The election of independent directors adopts the candidate nomination system, and the Board shall elect the independent directors from among the listed of independent director candidates. The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements with regard to the independent directors shall be set forth in accordance with the relevant regulations of the securities authority.</p> <p>The company shall take out directors liability insurance with respect to liabilities resulting from exercising their duties during their terms.</p> <p><u>The company shall establish either an audit committee or a supervisor in pursuant of Article 14-4 of the Securities Exchange.</u></p> <p>The audit committee shall compose all the independent directors, and the duties of the Audit Committee and other matters to be followed shall be handled in accordance with the Company Law, the Securities Exchange and other relevant laws and articles of incorporation.</p>	
Article 22	The board of directors shall meet at least quarterly,a notice of the	The board of directors shall meet at least quarterly,a notice of the	In accordance with the

Article	Clause before amendment	Clause after amendment	Purpose of amendment
	<p>reasons for convening a board meeting shall be given to each director and supervisor before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice. The convening of the board of directors of the company can be notified by writing, electronic transmission or by fax. The Board of directors is called by the chairperson, and directors shall attend board meetings in person. A director unable to attend in person may appoint another director to attend the meeting in his or her place. A director who appoints another director to attend a board meeting shall in each instance issue a proxy form stating the scope of authorization with respect to the reasons for convening the meeting. The proxy may be the appointed proxy of only one person.</p> <p>In case a meeting of the board of directors is proceed via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.</p>	<p>reasons for convening a board meeting shall be given to each director and supervisor before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice. The convening of the board of directors of the company can be notified by writing, electronic transmission or by fax. The Board of directors is called by the chairperson, and directors shall attend board meetings in person. A director unable to attend in person may appoint another director to attend the meeting in his or her place. A director who appoints another director to attend a board meeting shall in each instance issue a proxy form stating the scope of authorization with respect to the reasons for convening the meeting. The proxy may be the appointed proxy of only one person.</p> <p>In case a meeting of the board of directors is proceed via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.</p>	<p>establishment of the audit committee the regulations of the supervisors are amend.</p>
<p>Article 22-1</p>	<p>Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairperson of the meeting and shall be distributed to all directors and supervisors of the company within twenty (20) days after the</p>	<p>Resolutions adopted at a Board meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairperson of the meeting and shall be distributed to all directors and supervisors of the company within twenty (20) days after the close of the</p>	<p>In accordance with the establishment of the audit committee the regulations of the supervisors are amend.</p>

Article	Clause before amendment	Clause after amendment	Purpose of amendment
	close of the meeting.	meeting.	
	Chapter 4 Supervisors	Chapter 4 Managers	In accordance with the establishment of the audit committee, the supervisor chapter is deleted, and adjusted the original chapter 5 Managers to Chapter 4.
Article 25	<p><u>The company shall have two supervisors who shall be elected by the shareholders' meeting from among the persons with disposing capacity.</u></p> <p><u>The term of office is three years, and they may be re-elected. The total registered shares owned by the directors and supervisors of the company shall be in accordance with the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies as set by the securities authority.</u></p> <p><u>The company shall take out supervisors liability insurance with respect to liabilities resulting from exercising their duties during their terms.</u></p>	A company may have one or more managerial personnel, appointment and discharge and the remuneration of the managerial personnel shall be decided in accordance with article 29 of the Company Act.	In accordance with the establishment of the audit committee, the supervisor regulations are deleted, and adjusted the original article 28 to article 25 and text correction is made accordingly.
Article 26	<p><u>The powers of the supervisor are as follows:</u></p> <p><u>1, Investigation of the financial conditions</u></p> <p><u>2,Reviews of the accounting books and documents of the</u></p>	In accordance with the provisions of Article 23, under the resolution of the Board, the company may hire consultants or important staff.	In accordance with the establishment of the audit committee, the supervisor

Article	Clause before amendment	Clause after amendment	Purpose of amendment
	<u>Company</u> <u>3, Reviews of the company's business status</u> <u>4, Monitoring the business execution of the staff and illegal dereliction of duty report.</u> <u>5, Other duties as assigned in accordance with the law.</u>		regulations are deleted, and adjusted the original article 28 to article 25 and text correction is made accordingly.
Article 27	<u>The remuneration of the supervisor, depending on the usual level of the industry, shall be determined by the board of directors meeting.</u>	The other staff of the company shall be appointed or dismissed by the general manager in accordance with the "Working Rules" of the internal operation regulations.	In accordance with the establishment of the audit committee, the supervisor regulations are deleted, and adjusted the original article 28-2 to article 27
<u>Article 27-1</u>	<u>During the office term, the supervisor is able to claim the travelling expenses monthly</u>		In accordance with the establishment of the audit committee, the supervisor regulations are deleted, and
<u>Article 27-2</u>	<u>is deleted.</u>		In line with the revision, delete the original articles
	Chapter 5 Managers	Chapter 5 Accountants	With the adjustment of the chapters, the former Chapter 5 Manager is adjusted to the fourth chapter;

Article	Clause before amendment	Clause after amendment	Purpose of amendment
			the sixth chapter accounting is adjusted to the fifth chapter
Article 28	<u>A company may have one or more managerial personnel, appointment or dismissal and the remuneration of the managerial personnel shall be decided in accordance with the Article 29.</u>	The company's fiscal year is set from January 1 to December 31 of the same year.	With the adjustments of articles, the original article 30 is adjusted to article 28.
<u>Article 28-1</u>	<u>In accordance with the provisions of Article 23, under the resolution of the Board, the company may hire consultants or important staff.</u>		In line with the revision, delete the original articles
<u>Article 28-2</u>	<u>The other staff of the company shall be appointed or dismissed by the general manager in accordance with the "Working Rules" of the internal operation regulations.</u>		In line with the revision, delete the original articles
Article 29	<u>is deleted.</u>	At the end of each fiscal year, the following reports are produced by the board of directors and submitted to the shareholders' meeting for ratification. 1, Corporate business report 2, Financial statements 3, The surplus earnings distribution or loss make-up proposal.	With the adjustments of articles, the original article 31 is adjusted to article 29, and text correction accordingly.
	Chapter 5 Accountants		With the adjustment of the chapters, the former Chapter 6 Accounting is adjusted to the

Article	Clause before amendment	Clause after amendment	Purpose of amendment
			fifth chapter
Article 30	<p><u>The company's fiscal year is set from January 1 to December 31 of the same year.</u></p>	<p>The company belongs to a changing industry, and its life cycle is at the steady growing stage. Regarding the distribution of surplus, the board should consider the budget of capital expenditure and funds needed, and to determine the amount of surplus retention or distributing to the shareholders in the form of cash dividends or bonus. After closing of accounts, if there are earnings, the Company shall first pay the tax, make up the losses for the preceding years and then set aside a legal reserve of 10% of the net profit. But when such legal reserve amounts to the total paid-in capital, this provision shall not apply. After appropriating or reversing a special reserve in accordance with laws, the balance and the unallocated accumulated earnings from the previous years are the accumulated, distributable earnings for shareholders, for which the Board of Directors shall propose an earning distribution plan to be resolved at the shareholders' meeting. More than 10% of allocable earnings mentioned in the preceding paragraph are provided for dividends and shareholders' bonuses, and the cash dividends should be no less than 10% of the total amount of shareholders' dividends and bonuses. <u>The board of directors of the Company shall, with the attendance of more than</u></p>	<p>With the adjustments of articles, the original article 32 is adjusted to article 30.</p>

Article	Clause before amendment	Clause after amendment	Purpose of amendment
		<p><u>two-thirds of the directors and the resolution of the majority of the directors present, distribute all dividends and bonuses, all or part of the capital reserve or legal surplus reserve distributed as cash and reports it at the shareholders meeting. The second item should not be subject to the resolution of the shareholders' meeting.</u></p>	
Article 31	<p><u>At the end of each fiscal year, the following reports are produced by the board of directors and submitted to the shareholders' meeting for ratification.</u></p> <p><u>1, Corporate business report</u> <u>2, Financial statements</u> <u>3, The surplus earnings distribution or loss make-up proposal.</u></p>	<p>A 0.1% or 1% of profit of the current year shall be distributable as employees' compensation. However, the company's accumulated losses shall have been covered.</p> <p>The profit distributable as employees' compensation shall be distributed in the form of shares or in cash; Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, are entitled to receive shares or cash.</p> <p>In the preceding paragraph, the term "profitability" for the current year refers to the pre-tax profit of the year less the benefits before the remunerations of the employees and the directors.</p> <p>A company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation and in addition thereto a report of such distribution shall be submitted to</p>	<p>In accordance with the amendment of articles of incorporation and the establishment of the audit committee, the supervisor regulations are deleted, and adjusted the original article 32-1 to article 31.</p>

Article	Clause before amendment	Clause after amendment	Purpose of amendment
		the shareholders' meeting.	
	Chapter 7 Supplementary	Chapter 6 Supplementary	With the adjustment of the chapters, the former Chapter 7 Supplementary is adjusted to the sixth chapter
Article 32	<p><u>The company belongs to a changing industry, and its life cycle is at the steady growing stage. Regarding the distribution of surplus, the board should consider the budget of capital expenditure and funds needed, and to determine the amount of surplus retention or distributing to the shareholders in the form of cash dividends or bonus.</u></p> <p><u>After closing of accounts, if there are earnings, the Company shall first pay the tax, make up the losses for the preceding years and then set aside a legal reserve of 10% of the net profit. But when such legal reserve amounts to the total paid-in capital, this provision shall not apply. After appropriating or reversing a special reserve in accordance with laws, the balance and the unallocated accumulated earnings from the previous years are the accumulated, distributable earnings for shareholders, for which the Board of Directors shall propose an earning distribution plan to be resolved at the shareholders' meeting.</u></p> <p><u>More than 10% of allocable</u></p>	The organizational regulations and rules will be set accordingly	With the adjustments of articles, the original article 33 is adjusted to article 32.

Article	Clause before amendment	Clause after amendment	Purpose of amendment
	<p><u>earnings mentioned in the preceding paragraph are provided for dividends and shareholders' bonuses, and the cash dividends should be no less than 10% of the total amount of shareholders' dividends and bonuses.</u></p>		
<p><u>Article 32-1</u></p>	<p><u>A 0.1% or 1% of profit of the current year shall be distributable as employees' compensation. However, the company's accumulated losses shall have been covered.</u></p> <p><u>The profit distributable as employees' compensation shall be distributed in the form of shares or in cash; Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, are entitled to receive shares or cash.</u></p> <p><u>In the preceding paragraph, the term "profitability" for the current year refers to the pre-tax profit of the year less the benefits before the remunerations of the employees and the directors as well as the Supervisor.</u></p> <p><u>A company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as director and supervisors' compensation and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.</u></p>		<p>In line with the revision, delete the original articles</p>
<p>Article 33</p>	<p><u>The organizational regulations</u></p>	<p>In regards to all matters not</p>	<p>With the</p>

Article	Clause before amendment	Clause after amendment	Purpose of amendment
	<u>and rules will be set accordingly</u>	provided for in these Articles of Incorporation, the Company Act shall govern	adjustments of articles, the original article 34 is adjusted to article 33.
Article 34	<u>In regards to all matters not provided for in these Articles of Incorporation, the Company Act shall govern</u>	The total amount of the Company's reinvestment shall not be subject to the restriction of not more than forty percent of the Company's paid-up capital as provided in Article 13 of the Company Law. Any matters regarding the reinvestment shall be resolved in accordance with the resolutions of the Board of Directors	With the adjustments of articles, the original article 34-1 is adjusted to article 34.
<u>Article 34-1</u>	<u>The total amount of the Company's reinvestment shall not be subject to the restriction of not more than forty percent of the Company's paid-up capital as provided in Article 13 of the Company Law. Any matters regarding the reinvestment shall be resolved in accordance with the resolutions of the Board of Directors</u>		In line with the revision, delete the original articles
<u>Article 34-2</u>	<u>The company may provide endorsement for business needs, and adheres to Operational Procedures for Endorsements and Guarantees</u>		In line with the revision, delete the original articles
Article 35	<u>The Articles of Incorporation are also subject to change by the shareholders' meeting</u>	The company may provide endorsement for business needs, and adheres to Operational Procedures for Endorsements and Guarantees	With the adjustments of articles, the original article

Article	Clause before amendment	Clause after amendment	Purpose of amendment
			34-2 is adjusted to article 35.
Article 36	<p><u>These Articles of Incorporation were scheduled on May 26,1959... The thirty-third Amendment on April 12,2007, the thirty-fourth amendment on April 15, 2008. The thirty-fifth amendment on June 10,2008, the thirty-sixth Amendment on June 25, 2010, the thirty-seventh Amendment on June 17, 2011, the thirty-eighth Amendment on June 12, 2012, the thirty-ninth Amendment on June 13,2014, the fortieth Amendment on June 12, 2015, and effective after the approval at the shareholders' meeting.</u></p>	<p>The Articles of Incorporation are also subject to change by the shareholders' meeting</p>	<p>With the adjustments of articles, the original article 35 is adjusted to article 36.</p>
Article 37		<p>These Articles of Incorporation were scheduled on May 26,1959... The thirty-third Amendment on April 12,2007, the thirty-fourth amendment on April 15, 2008. The thirty-fifth amendment on June 10,2008, the thirty-sixth Amendment on June 25, 2010, the thirty-seventh Amendment on June 17, 2011, the thirty-eighth Amendment on June 12, 2012, the thirty-ninth Amendment on June 13,2014, the fortieth Amendment on June 12, 2015, and effective after the approval at the shareholders' meeting.</p>	<p>In line with the amendments, addition of articles and the date of amendment</p>

Article	Clause before amendment	Clause after amendment	Purpose of amendment

Hotel Holiday Garden

Amendment provisions of the Operational Procedures of acquisition or disposal of assets

June 19, 2019

Clause after amendment	Clause before amendment	Clause after amendment	Purpose of amendment
Article 2	The Company shall handle the acquisition or disposal of assets in compliance with the Article 36-1 of the Securities Exchange provided, where other laws or regulations provide otherwise, such provisions shall govern.	The Company shall handle the acquisition or disposal of assets in compliance with the Article 36-1 of the Securities Exchange, provided, where financial laws or regulations provide otherwise, such provisions shall govern.	In line with proceedings with the regulations
Article 3	The term "assets" as used in these Regulations includes the following: 1. Investments in stocks, government bonds, bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property (including land, houses and buildings, investment property, land assess and construction enterprise inventory) and equipment. 3. Memberships	The term "assets" as used in these Regulations includes the following: 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property (including land, houses and buildings, investment property and construction enterprise inventory) and equipment. 3. Memberships 4. Patents, copyrights,	In line with proceedings with the regulations

Clause after amendment	Clause before amendment	Clause after amendment	Purpose of amendment
	<p>4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p>5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>6. Derivatives</p> <p>7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</p> <p>8. Other major assets.</p>	<p>trademarks, franchise rights, and other intangible assets.</p> <p><u>5. Right-of-use assets.</u></p> <p>6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>7. Derivatives</p> <p>8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</p> <p>9. Other major assets.</p>	

<p>Article</p>	<p>Definitions</p> <p>1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from assets, interest rate, foreign exchange rate, indexes, or other beneficial products; hybrid contracts combining the above contracts; The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-8 of the Company Act.</p>	<p>Definitions</p> <p>1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares</p>	<p>In line with proceedings with the regulations</p>
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	<p>3.Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4.Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing</p>	<p>of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-8 of the Company Act.</p> <p>3.Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or</p>	
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	<p>Permission for Investment or Technical Cooperation in the Mainland Area.</p>	<p>conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p><u>7. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.</u></p> <p><u>8. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</u></p> <p><u>9. Over-the-counter venue ("OTC venue", "OTC"):</u></p>	
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Article 8	<p>Except transactions with government institutions, contracting third parties to construct on land owned or rented by the Company or acquisition of equipment for operation purpose, or acquisition or disposal of real estate or equipment by the Company whose amount reaches 20% of the company's paid-in capital or NT\$300 million, an appraisal report issued by a Professional Appraiser shall be obtained prior to the Date of the Event and the following provisions should be complied with:</p> <p>1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the</p>	<p>Except transactions with government institutions, contracting third parties to construct on land owned or rented by the Company or acquisition of equipment or right-of-use assets thereof for operation purpose, for acquisition or disposal of real estate or equipment or right-of-use assets thereof by the Company whose amount reaches 20% of the Company's paid-in capital or NT\$300 million, an appraisal report issued by a Professional Appraiser shall be obtained prior to the Date of the Event and the following provisions should be complied with:</p> <p>1. If for any special reason, restricted price, specific price, or special price must be used as a reference for the transaction</p>	<p>In line with proceedings with the regulations</p>

	<p>transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any change in future to the terms and conditions of the transaction.</p> <p>2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(1) The discrepancy between</p>	<p>price, the transaction should be approved by the Board in advance. The above procedures should also be followed in case the transaction terms are changed subsequently.</p> <p>2. If the transaction price is over NT\$1 billion, the Company should retain at least two Professional Appraisers to perform the appraisal.</p> <p>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation ("ARDF") and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>4.(1) The discrepancy between the appraisal result and the transaction amount is 20% or</p>	
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	<p>the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>(2)The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	<p>more of the transaction amount.</p> <p>(2)The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.</p> <p>5.No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	
Article 30	<p>When the company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the</p>	<p>When the company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of</p>	<p>In line with proceedings with the regulations</p>

	provisions of Statement of Auditing Standards No. 20 published by the ARDF.	Statement of Auditing Standards No. 20 published by the ARDF.	
Article 12	<u>Professional appraisers and their officers, certified public accounts,attorneys, and securities underwriters that provide the company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions the party of transaction shall not be related with the company.</u>	<u>Professional appraisers and their officers, certified public accounts,attorneys, and securities underwriters that provide the company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions and shall meet the following requirements:</u> <u>1.May not have previously received a final and unappealable sentence.</u> <u>2. To imprisonment for 1 year or longer for a violation of the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement,forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence or since a pardon was received.</u> <u>3.May not be a related party or de facto related party of any party to the transaction.</u>	In line with proceedings with the regulations

		<p><u>4.If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers with appraisal reports, appraisal officers may not be related parties or de facto related parties of each other. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u></p> <p><u>1.Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u></p> <p><u>2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working paper.</u></p> <p><u>3.They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy and reasonableness of the sources of data adopted, the parameters, and the information, as the basis for issuance of the appraisal report or the</u></p>	
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		<p><u>opinion.</u></p> <p><u>4.They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u></p>	
Article 14	<p>When the company intends to acquire or dispose of real property to a related party or when it intends to acquire or dispose of assets other than real property to a related party and the transaction amount reaches 20 percent or more of paid-in capital,10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises our company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <p>1.The purpose, necessity and</p>	<p>When the company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party or when it intends to acquire or dispose of assets other than real property to a related party and the transaction amount reaches 20 percent or more of paid-in capital,10 percent or more of the company's total assets, or NT\$300 million, except in trading of domestic government bonds or bonds under repurchase and resale agreements,or subscription or redemption of money market funds issued by domestic securities investment trust enterprises the company may not proceed to enter into a</p>	<p>In line with proceedings with the regulations</p>

	<p>anticipated benefit of the acquisition or disposal of assets.</p> <p>2.The reason for choosing the related party as a transaction counterparty.</p> <p>3.With respect to the acquisition of real property from a related party information regarding appraisal of the reasonableness of the preliminary transaction terms are assessed in accordance with the regulations.</p> <p>4.The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to our company and the related party.</p> <p>5.Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, reasonableness of the funds utilization.</p> <p>An appraisal report from a professional appraiser, or a CPA's opinion obtained.</p> <p>5.In compliance with the preceding article,</p>	<p>transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <p>1.The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>2.The reason for choosing the related party as a transaction counterparty.</p> <p>一、 With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 15</p> <p>二、 The date and price at which the related party originally acquired, the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>三、 Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity</p>	
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	<p>other important stipulations associated with the transaction. The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 22, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.</p> <p><u>When our company and its subsidiaries acquire or dispose equipment for business use, the board of directors may delegate the board chairperson to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting</u></p> <p><u>The independent director has been established in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's</u></p>	<p>of the transaction, reasonableness of the funds utilization.</p> <p>四、An appraisal report from a professional appraiser a CPA's opinion obtained in compliance with the preceding article.</p> <p>五、Restrictive covenants and other important stipulations associated with the transaction. The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 22, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the audit committee are sent for recognition by the board of directors and need not be counted toward the transaction amount.</p> <p><u>With respect to the types of transactions listed below, when to be conducted between the company and its parent or subsidiaries,</u></p>	
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	<p><u>opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</u></p> <p><u>Where an audit committee has been established in accordance with the provisions of the Act, the matters for which paragraph 1 requires recognition by the supervisors shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 6.</u></p>	<p><u>or between its subsidiaries in which it directly or indirectly holds 100 percent of directors, the company's board of directors delegate the chairman to decide such matters when the transaction is within a certain amount, and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</u></p> <p><u>3.Acquisition or disposal of equipment or right-of-use assets thereof held for business use</u></p> <p><u>4.Acquisition or disposal of real estate or right-of-use assets thereof held for business use</u></p> <p><u>5. Right-of-use assets.</u></p> <p><u>When a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions.</u></p> <p><u>If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</u></p>	
Article 15	The company when acquires real property from a related party shall evaluate the	The company when acquires real property or right-of-use assets thereof from a related	In line with proceedings with the regulations

	<p>reasonableness of the transaction costs by the following means:</p> <p>1.It is based on the related party's transaction price plus the necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>2.Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more.However, this shall not apply where the financial institution is a related party of one of the transaction</p>	<p>party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>1.It is based on the related party's transaction price plus the necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>Total loan value appraisal from a financial institution where the related party has previously created a mortgage by the financial institution provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan have xceeded 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>one of the transaction counterparties.</p> <p>Where land and buildings are</p>	
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	<p>counterparties.</p> <p>Where land and buildings are purchased as a single combined property or leased in one transaction, the transaction costs for the land and the buildings may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>When the company acquires real property and appraises the cost of the real property in accordance with the first and second paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>When the company acquires real property and one of the following circumstances exists, the acquisition shall be conducted in accordance with the article 14, and the preceding three paragraphs shall not apply:</p> <ol style="list-style-type: none"> 1. The related party acquired the real property through inheritance or as a gift. More than 5 years have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction. 2. The real property is acquired through signing of a joint development contract with the 	<p>purchased as a single combined property or leased in one transaction, the transaction costs for the land and the buildings may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>When the company acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof from a related party in accordance with the first and second paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>When the company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article, and the preceding three paragraphs shall not apply:</p> <ol style="list-style-type: none"> 1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift. More than 5 years have elapsed from the time the related party signed the contract to obtain the 	
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	<p>related party or through engaging a related party to build real property either on the company's own land or on rented land.</p>	<p>real property or right-of-use assets to the signing date for the current transaction.</p> <p>The real property is acquired through signing of a joint development contract with the related party or through engaging a related party either on the company's own land to build real property either on the company's own land or on rented land.</p> <p>The real property right-of-use assets for business use are acquired by the company or the subsidiaries, <u>or by its subsidiaries in which directly or indirectly holds holds 100 percent of the issued shares</u> or authorized capital.</p>	
Article 16	<p>When the company acquires real property from a related party and the results of appraisals conducted in accordance with the preceding article are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>1. A special reserve shall be set aside in accordance with the regulations, against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. When our</p>	<p>When the company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding article are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property or transaction price and the appraised cost, and may not</p>	<p>In line with proceedings with the regulations</p>

	<p>company adopts the equity method to account for its investment in another company, then the special reserve called for shall be set aside pro rata in a proportion consistent with the share of the company's equity stake in the other company.</p> <p>1. Supervisors shall comply with Article 218 of the Company Act.</p> <p>2. Actions taken pursuant to the first and second subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>The company has set aside a special reserve under the preceding paragraph, may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the Exchange Securities Commission has</p>	<p>be distributed or used for capital increase or issuance of bonus shares. When the company adopts the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of the company's equity stake in the other company.</p> <p><u>1. Actions taken pursuant to the first subparagraph shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</u></p> <p>The company has set aside a special reserve under the preceding paragraph, may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the Exchange</p>	
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	<p>given its consent.</p> <p>The acquisition of real property from a related party.</p> <p>When the company acquires real property from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was "non-arm's-length" transaction.</p>	<p>Securities Commission has given its consent.</p> <p>When the company acquires real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was "non-arm's-length" transaction.</p>	
<p>Article 17-1</p>		<p><u>The company engaging in derivatives trading shall pay strict attention to control of the following important risk management and auditing matters, and incorporate them into the Procedures:</u></p> <ol style="list-style-type: none"> 1. <u>Trading principles and strategies: Shall include the types of derivatives that may be traded, operating or hedging strategies, segregation of duties, essentials of performance evaluation, total amount of derivatives contracts that may be traded, and the maximum loss limit on total trading and for individual contracts.</u> 2. <u>Risk management measures</u> 3. <u>Internal audit system.</u> 4. <u>Regular evaluation methods and the handling of irregular circumstances.</u> 	<p>In line with proceedings with the regulations</p>

<p>Article 17-2</p>		<p><u>The company engaging in derivatives trading shall adopt the following important risk management measures:</u></p> <p><u>1.The scope of risk management shall include credit, market price, liquidity, cash flow, operational, and legal risks.</u></p> <p><u>2.Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.</u></p> <p><u>3.Risk measurement, monitoring, and control personnel shall be assigned to a department different from the personnel mentioned in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.</u></p> <p><u>4. Derivatives trading centers held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.</u></p> <p><u>5. Other important risk management measures</u></p>	<p>In line with proceedings with the regulations</p>
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<p>Article 17-3</p>		<p><u>The company,engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 4 of Article 17 and subparagraph 2 of paragraph 1, and subparagraph 1 of paragraph 2, of article 17 shall be recorded in detail in the log book.</u></p> <p><u>The company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, the audit committee shall be notified in writing.</u></p>	<p>In line with proceedings with the regulations</p>
<p>Article 18-1</p>		<p><u>The company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and</u></p>	<p>In line with proceedings with the regulations</p>

		<p><u>include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.</u></p>	
Article 19-1		<p><u>Every person in the company participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not</u></p>	In line with proceedings with the regulations

		<p><u>disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.</u></p>	
Article 20	<p>The company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:</p> <ol style="list-style-type: none"> 1. Execution of cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred share with warrants, stock warrants, or other equity based securities. 2. Disposal of major assets, that will affect the financial operations of the company. 3. An event, such as a major disaster or major change in 	<p>The company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:</p> <ol style="list-style-type: none"> 1. Execution of cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred share with warrants, stock warrants, or other equity based securities. 2. Disposal of major assets, that will affect the financial operations of the company. 3. An event, such as a major disaster or major change in technology, which affects the equity of shareholders or share 	In line with proceedings with the regulations

	<p>technology, which affects the equity of shareholders or share price.</p> <p>4.An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back the treasury stock in accordance with the law.</p> <p>5.An increase or decrease in the number of entities or companies participating in the merger, demerger, or transfer of shares.</p> <p>6.Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.</p> <p><u>Our company participating in a merger, demerger, acquisition, or transfer of shares shall record the related information, in order to maintain the rights of the participating companies.</u></p>	<p>price.</p> <p>4.An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back the treasury stock in accordance with the law.</p> <p>5.An increase or decrease in the number of entities or companies participating in the merger, demerger, or transfer of shares.</p> <p>6.Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.</p>	
<p>Article 20-1</p>		<p><u>The contract of the company participating in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:</u></p> <p>1. Handling of breach of contract.</p> <p>2.Principles for the handling of equity-type securities <u>previously</u></p>	<p>In line with proceedings with the regulations</p>

		<p><u>issued or treasury stock previously bought back by any company that is extinguished by any company that is extinguished.</u></p> <p>3. <u>The amount of treasury stock participating companies in a merger are permitted under the law to buy back after the record date of calculation of the share exchange ratio, and the principles of handling thereof.</u></p> <p>4. <u>The way of handling changes in the number of participating entities or companies.</u></p> <p><u>Preliminary progress schedule for plan execution and the completion date. If the plan exceeds the deadline without completion, schedule date for convening the legally mandated shareholders' meeting, and the relevant procedures.</u></p>	
<p>Article 20-2</p>		<p><u>After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer;</u></p>	<p>In line with proceedings with the regulations</p>

		<p><u>except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.</u></p>	
Article 20-3		<p><u>Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 19, Article 19-1 and the preceding article.</u></p>	In line with proceedings with the regulations
Article 21	<p><u>Regulations for for the acquisition and disposal of assets by subsidiaries.</u></p> <p><u>1.Subsidiaries' acquisition and disposal of assets shall also comply with the provisions of the parent company</u></p> <p><u>2. Where a subsidiary is not a domestic public company, if the subsidiary acquiring or disposing of assets reaches the standard of Article 9, required to place a public</u></p>	<p><u>If the subsidiary is not itself a domestic public company, information required to be publicly announced and reported in accordance with the provisions of the preceding Chapter on acquisitions and disposals of assets shall be reported by the parent company</u></p> <p><u>The paid-in capital or total assets of the company shall be the standard applicable to a subsidiary referred to in the</u></p>	In line with proceedings with the regulations

	<p><u>announcement and report to the competent authorities, the parent company shall place a public announcement, report to the competent authorities.</u></p> <p><u>3. If the public announcement made by the subsidiary reaches the 20 percent standard of the paid-in-capital or 10% of the total assets of the parent company, are subjected to the parent company's paid-in-capital or total assets.</u></p>	<p><u>preceding paragraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 22, paragraph 1.</u></p>	
Article 21-1	<p>For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a company whose shares have no par value or a par value other than NT\$10 for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations,</p> <p>10 percent of equity attributable to owners of the parent shall be substituted;</p>	<p>For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.</p> <p>In the case of a company whose shares have no par value or a par value other than NT\$10 for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Regulations regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity</p>	In line with proceedings with the regulations

		attributable to owners of the parent shall be substituted.	
Article 22	<p>The standards required to be announced or reported</p> <p>Under any of the following circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>1.Acquisition or disposal of real property from or to a related party, real property to a related party or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p>	<p>The standards required to be announced or reported</p> <p>Under any of the following circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>1.Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than the real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, or 10 percent or more of the company's total assets, or NT\$300 million,or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p>	In line with proceedings with the regulations

	<p>2. Merger, demerger, acquisition or transfer of shares.</p> <p>3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>4. Where the asset type is equipment for business use are acquired or disposed of for business use are acquired or disposed of and the transaction amount meets any of the following criteria: (1) For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more. (2) For a public company whose paid-in capital is NT\$10 billion or more, is less than NT\$10 billion, the transaction amount reaches NT\$1 billion or more.</p> <p>5. Acquisition or disposal by a public company in the construction business of real property for construction use and furthermore the transaction counterparty is not a related party, and the transaction amount NT\$500 million or more.</p> <p>6. Where land is acquired</p>	<p>1. Merger, demerger, acquisition, or transfer of shares.</p> <p>2. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>3. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria: (1) For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more. (2). For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p> <p>4. company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more. Where land is acquired</p>	
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	<p>under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, and separate sales, and the amount the company expects to invest in the transaction reaches NT\$500 million or more.</p> <p>7. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of domestic government bonds. Where done by professional investors—securities trading on local or overseas securities exchanges or OTC markets, or subscription of ordinary corporate bonds locally or general bank debentures without equity characteristics that are offered and issued in the primary market subscription by a securities</p>	<p>under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>Where an asset transaction other than any of those referred to in the preceding six subparagraphs disposal of receivables by a financial institution or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of domestic government bonds.</p> <p>(2) Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription</p>	
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	<p>firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company in accordance with the rules of the Taipei Exchange. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p><u>Where the asset type is machinery equipment for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount has not reached NT\$500 million or more.</u></p> <p><u>Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction does not reach NT\$500 million.</u></p>	<p>or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated, by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>(3)Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The amount of transactions in the preceding shall be calculated as follows:</p> <ol style="list-style-type: none"> 1.The amount of each individual transaction. 2.The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. <p>The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year. The cumulative transaction</p>	
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	<p>The amount of transactions in the preceding shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. The amount of each individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. 3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property within the same development project within the same year. 3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property within the same development project within the same year. <p>The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same securities within the same development project within the same year. The term "within a one-year period" means the period between one year prior to the date of this Board meeting and the date of this Board meeting. Amount of the</p>	<p>amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of</p>	
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	<p>donations already approved by the Board should be excluded. The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, within two days counting inclusively from the date of knowing of such error or omission, all the items shall be again publicly announced and reported in their entirety.</p> <p>The company, acquiring or disposing of assets, shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.</p>	<p>such error or omission.</p> <p>The company when acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.</p>	
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<p>Article 24</p>	<p>Date of Implementation</p> <p>The Operational Procedures after passed by the board of directors,submit the Procedures to each supervisor and submit them for approval by the shareholders' meeting;the same shall apply to amendments to the Procedures; where any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinion to each supervisor.</p> <p>When the Operational procedures of Acquisition or Disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p><u>When an audit committee has been established in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by</u></p>	<p>Date of Implementation</p> <p>The Operational Procedures upon approved by the audit committee, and implement after passed by the board of directors, and after submitting the Procedures for approval by the shareholders' meeting; the same shall apply to amendments to the Procedures; where any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinion to the audit committee.</p> <p>When the Operational procedures of Acquisition or Disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p>	<p>In line with proceedings with the regulations</p>
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	<p><u>more than half of all audit committee members and submitted to the board of directors for a resolution.</u></p> <p><u>If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution made by the audit committee shall be recorded in the minutes of the board of directors meeting.</u></p> <p><u>The terms "all audit committee members" in paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</u></p>		
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Hotel Holiday Garden

Comparison table of amendment to the Operational Procedures for Loaning of company funds

June 19, 2019

Article	Clause before amendment	Clause after amendment	Purpose of amendment
1	<p>These Regulations are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act.</p> <p>The company shall comply with these Regulations when making loans, provided that where another financial related act or regulation provides otherwise, the provisions of such act shall prevail.</p>	<p>These Regulations are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act.</p> <p>The company shall comply with these Regulations when making loans, provided that where another financial related act or regulation provides otherwise, the provisions of such act shall prevail.</p>	In line with proceedings with the regulations
Article 1	<p>Borrower</p> <p>1. Parties with which the Company does business.</p> <p>2. Where short-term financing facility for inter-firm and the Company is necessary, provided that such financing amount shall not exceed 40 percent of the lender's net worth.</p>		In line with proceedings with the regulations

<p>Article 3</p>	<p>The aggregate amount of loans and the maximum amount permitted to a single borrower:</p> <p>1. Where an inter-company or inter-firm business transaction calls for a loan arrangement; the financing amount shall not exceed the total amount of trading between the two companies. The so-called the total amount of trading refers to the highest amount of purchase or sales between the two parties. The total loan and amount due to business transactions shall not exceed 10% of the net worth of the company.</p> <p>2. Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40 percent of the lender's net worth. Because short-term loans shall not exceed 40 percent of the lender's net worth.</p> <p>3. The restriction in the preceding paragraphs shall not apply to inter-company loans of funds between foreign subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares, but the individual loans of funds of inter-company shall not exceed 7.5 percent of the lender's net worth, the accumulated loans of funds shall not exceed 15 percent of the lender's net worth, and the length of loans shall not exceed 15 years.</p>	<p>The aggregate amount of loans and the maximum amount permitted to a single borrower:</p> <p><u>1. The accumulated total of loans granted shall not exceed 40% of the net worth of the Company.</u></p> <p>2. Where an inter-company or inter-firm business transaction calls for a loan arrangement; the financing amount shall not exceed the total amount of trading between the two companies. The so-called the total amount of trading refers to the highest amount of purchase or sales between the two parties.</p> <p>3. Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 20 percent of the lender's net worth.</p> <p>4. The restriction in the preceding 3 paragraphs shall not apply to inter-company loans of funds between foreign subsidiaries in which the Company holds, directly or indirectly, 100% of voting shares, but the individual loans of funds of inter-company shall not exceed 7.5 percent of the lender's net worth, the accumulated loans of funds shall not exceed 15 percent of the lender's net worth, and the length of loans shall not exceed 15 years.</p>	<p>In line with proceedings with the regulations</p>
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<p>Article 4</p>	<p>The Operational Procedures for Loaning of company funds</p> <p>1.Credit status:</p> <p>When the company handles loans, the borrower shall provide the necessary company information and financial information, and submit a written application for financing amount to the company.</p> <p>After accepting the application, the financial department of the company shall investigate, evaluate and prepare a report on the business operations, financial conditions, solvency and credit, profitability and borrowing purposes of the loan of the borrowing entity.</p> <p>The financial department shall conduct a detailed assessment review of the borrowing entity, and the assessment shall at least include:</p> <p>(1).The necessity of and reasonableness of extending loans to others.</p> <p>(2).To check the necessity of the loans by evaluating the financial conditions of the borrowing entity.</p> <p>(3).Whether the accumulated funds loan is still within the limit.</p> <p>(4).Impact on the company's business operations, financial condition, and shareholders' equity.</p>	<p>The Operational Procedures for Loaning of company funds:</p> <p>1. Credit status:</p> <p>When the company handles loans, the borrower shall provide the necessary company information and financial information, and submit a written application for financing amount to the company.</p> <p>After accepting the application, the financial department of the company shall investigate, evaluate and prepare a report on the business operations, financial conditions, solvency and credit, profitability and borrowing purposes of the loan of the borrowing entity.</p> <p>The financial department shall conduct a detailed assessment review of the borrowing entity, and the assessment shall at least include:</p> <p>(1).The necessity of and reasonableness of extending loans to others.</p> <p>(2).To check the necessity of the loans by evaluating the financial conditions of the borrowing entity.</p> <p>(3).Whether the accumulated funds loan is still within the limit.</p> <p>(4)Impact on the company's</p>	<p>In line with proceedings with the regulations</p>
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	<p>(5).Whether collateral must be obtained and appraisal of the value thereof.</p> <p>(6).To attach the report of the credit status and risk assessment of funds loan entity.</p> <p>2. Securities</p> <p>When handling the fund loan procedures, the company shall obtain the same amount of secured promissory note and, if necessary, also setting up the mortgage of mobile property or real estate. If the debtor provides considerable capital of individual or the company as a guarantee, instead of providing the collateral, the board of directors may refer to the credit report of the finance department; If the company is the guarantor, it should be noted that the articles of association have provisions that are guaranteed.</p> <p>3.Scope of authorization:</p> <p>When handling the procedures of funds loaning, after the finance department checked the credit of the lending company and upon the approval the general manager. It is implemented after submission to the board of directors for approval. No other party is authorized to decide.</p> <p>When fund lending is</p>	<p>business operationsImpact on the company's business operations, financial condition, and shareholders' equity.</p> <p>(5).Whether collateral must be obtained and appraisal of the value thereof.</p> <p>(6).To attach the report of the credit status and risk assessment of funds loan entity.</p> <p>2. Securities:</p> <p>When handling the fund loan procedures, the company shall obtain the same amount of secured promissory note and, if necessary, also setting up the mortgage of mobile property or real estate. If the debtor provides considerable capital of individual or the company as a guarantee, instead of providing the collateral, the board of directors may refer to the credit report of the finance department; If the company is the guarantor, it should be noted that the articles of association have provisions that are guaranteed.</p> <p>3. Scope of authorization:</p> <p>When handling the procedures of loaning of company funds, after the finance department checked the credit of the lending</p>	
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	<p>contemplated between the Company and its subsidiary company or when fund lending to Subsidiaries is contemplated by the Company, as in the preceding regulation, an approval from the Board of Directors shall be obtained, and the Chairman shall be authorized to handle the matter within the specific amount of fund lending to the same party approved by the Board of Directors and the lending is authorized in installment or revolver within one year.</p> <p>"Specific amount" as referred to above shall mean that the authorized amount of loans by the Company to an individual entity shall not exceed 10% of the Company's net value in their most recent financial statement except those foreign companies engaging in unrestrictive amount loans of whom the Company directly or indirectly holds 100 percent of voting shares.</p> <p>When the company establishes independent directors, the Board of Directors shall take into full consideration each independent director's opinion; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of</p>	<p>company and upon the approval the general manager. It is implemented after submission to the board of directors for approval. No other party is authorized to decide.</p> <p>When fund lending is contemplated between the Company and its subsidiary company or when fund lending to Subsidiaries is contemplated by the Company, as in the preceding regulation, an approval from the Board of Directors shall be obtained, and the Chairman shall be authorized to handle the matter within the specific amount of fund lending to the same party approved by the Board of Directors and the lending is authorized in installment or revolver within one year.</p> <p>"Specific amount" as referred to above shall mean that the authorized amount of loans by the Company to an individual entity shall not exceed 20% of the Company's net value in their most recent financial statement except those foreign companies engaging in unrestrictive amount loans of whom the Company</p>	
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	Directors' meeting.	<p>directly or indirectly holds 100 percent of voting shares.</p> <p>The Board of Directors shall take into full consideration each independent director's opinion; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors' meeting.</p>	
Article 5	<p>Duration of loans and calculation of interest:</p> <p>1. The term of each loan extended shall not exceed one hundred and eighty days. Under any special circumstance and subject to applicable laws and regulations, the Company may extend the term of the loan with the approval of the Board of Directors.</p> <p>2. The interest should not be lower than the maximum interest rate of the company's short-term borrowings from financial institutions. The calculation of the loan interest of the company is based on the principle of monthly interest payment. Under any special circumstance and subject to applicable laws and regulations, the Company may extend the term of the loan with the approval of the Board of Directors.</p>	<p>Durations of loans and calculation of interest:</p> <p>The term of each loan extended shall not exceed one year. Under any special circumstance and subject to applicable laws and regulations, the Company may extend the term of the loan with the approval of the Board of Directors.</p> <p>2. The interest should not be lower than the maximum interest rate of the company's short-term borrowings from financial institutions. The calculation of the loan interest of the company is based on the principle of monthly interest payment. Under any special circumstance and subject to applicable laws and regulations, the Company may extend the term of the loan with the approval of the Board of Directors.</p>	In line with proceedings with the regulations

<p>Article 7</p>	<p>Internal audit:</p> <p>1.The Company shall establish and maintain a memorandum book for its fund-loaning activities and truthfully record the following information: borrower, amount, date of approval by the Board of Directors, lending/borrowing date, and matters to be carefully evaluated under the preceding Article.</p> <p>2.Internal auditors shall perform auditing on the Operational Procedures of Funds loans and the implementation of the Procedures at least quarterly and produce written auditing reports. Should there be any violation found, a written report is needed to notify the Audit Committee and the Board of Directors. Should there be any major violation found, the managers and the persons-in-charge shall be punished pending on the conditions of violation.</p> <p>3.Should a borrower no longer satisfy the criteria set forth in the Operational Procedures or there be any excess over the lending limit due to unexpected changes of the Company, a corrective plan has to be provided to the Supervisors and the proposed correction actions should be implemented within</p>	<p>Internal audit:</p> <p>1.The Company shall establish and maintain a memorandum book for its fund-loaning activities and truthfully record the following information: borrower, amount, date of approval by the Board of Directors, lending/borrowing date, and matters to be carefully evaluated under the preceding Article.</p> <p>2.Internal auditors shall perform auditing on the Operational Procedures of Funds loans and the implementation of the Procedures at least quarterly and produce written auditing reports. Should there be any violation found, a written report is needed to notify the Audit Committee and the Board of Directors. Should there be any major violation found, the managers and the persons-in-charge shall be punished pending on the conditions of violation.</p> <p>3.Should a borrower no longer satisfy the criteria set forth in the Operational Procedures or there be any excess over the lending limit due to unexpected changes of the Company, a corrective plan has to be provided to the</p>	<p>In line with proceedings with the regulations</p>
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	the period specified in such plan, so as to strengthen the internal control of the company.	Audit Committee and the proposed correction actions should be implemented within the period specified in such plan, so as to strengthen the internal control of the company.	
Article 10	The term "announce and report" as used in these procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC). "Date of occurrence" in these procedures means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the transaction entity and amount of the transaction, whichever date is earlier.	The term "announce and report" as used in these procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC). "Date of occurrence" in these procedures means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the transaction entity and amount of the transaction, whichever date is earlier.	In line with proceedings with the regulations
4	Effective and revised: The Operational procedures set up by the Company, after passed by the board of directors, shall be submitted each supervisor and to be approved at the shareholders' meeting, if any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinion to each supervisor and discuss at the board of director. The same shall apply for any amendments to the procedures. If otherwise independent directors are established, the Operational procedures in accordance with the	Effective and revised: The Operational procedures set up by the Company, after passed by the audit committee, shall be submitted the Board of directors and to be approved at the shareholders' meeting, if any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinion to each supervisor and discuss at the board of director. The same shall apply for any amendments to the procedures. When the preceding Operational	In line with proceedings with the regulations

	<p>preceding paragraph, when submitted to the board of directors for discussion, shall take into full consideration the opinion of each independent director; independent director's opinion specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors' meeting.</p>	<p>procedures are submitted to the board of directors' meeting for discussion, it shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p>	
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Hotel Holiday Garden

Comparison table of amendment to the Operational Procedures for Endorsements and Guarantees

June 19, 2019

Article	Clause before amendment	Clause after amendment	Purpose of amendment
Article 1	<p>These Regulations are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act. The company shall comply with these Regulations when handling endorsements of others, or that when another related act or regulation provides otherwise, the provisions of such act shall prevail.</p>	<p>These Regulations are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act. The company shall comply with these Regulations when handling endorsements for others, or that when the financial related act or regulation provides otherwise, the provisions of such act shall prevail.</p>	In line with proceedings with the regulations
Article 3	<p>Entities for which the company may make endorsements/guarantees. The Company may make endorsements/guarantees for the following companies:</p> <ol style="list-style-type: none"> 1.A company with which the Company does business. 2.A company in which the Company directly and indirectly holds more than 50% of the voting shares. 3.A company that directly and indirectly holds more than 50% of the voting shares in the Company. <p><u>Companies in which the Company holds, directly or indirectly, 90%,</u></p>	<p>Entities for which the company may make endorsements/guarantees. The Company may make endorsements/guarantees for the following companies:</p> <ol style="list-style-type: none"> 1.A company with which the Company does business. 2.A company in which the Company directly and indirectly holds more than 50% of the voting shares. 3.A company that directly and indirectly holds more than 50% of the voting shares in the Company. <p>A company in which the Company directly and indirectly holds more</p>	In line with proceedings with the regulations

Article	Clause before amendment	Clause after amendment	Purpose of amendment
	<p><u>or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements or guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.</u></p> <p><u>Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements/guarantees may be made free of the restriction of the preceding two paragraphs.</u></p>	<p>than 50% of the voting shares, may make endorsements/guarantees for each other.</p>	

Article	Clause before amendment	Clause after amendment	Purpose of amendment
Article 4	<p>The ceilings on amount of endorsement/guarantee.</p> <p>1.The endorsement or guarantee amount should not exceed the total amount of transactions from the company with which the Company does business.</p> <p>2.A company in which the Company directly and indirectly holds more than 50% of the voting shares, the aggregate amount of endorsement cannot exceed the company’s net worth as stated in its latest financial statement.</p> <p>3.A company that directly and indirectly holds more than 50% of the voting shares in the Company, the aggregate amount of endorsement shall not exceed the company’s net worth as stated in its latest financial statement.</p> <p>4.A company in which the Company directly and indirectly holds more than 90% of the voting shares, the aggregate amount of endorsement shall not exceed 10% of the net worth of the company.</p> <p>5.A company in which the Company directly and indirectly holds 100% of the voting shares, the aggregate</p>	<p>The ceilings on amount of endorsement/guarantee</p> <p>1.Total limit: <u>The aggregation of the company's external endorsement guarantee shall not exceed 50% of the net worth of the company.</u></p> <p>2.Amount limitation for single borrower: <u>(1).The company's amount of endorsement guarantee for a single enterprise shall not exceed 20% of the net worth of the company.</u> <u>(2).For companies that have business dealings with the Company, the amount of individual endorsement guarantees shall not exceed the amount of business transactions between the two companies. The so-called business transaction amount refers to the highest amount of purchase or sales between the two companies.</u> <u>(3).A subsidiary in which the Company directly and indirectly holds 100% of the voting shares, its total amount of endorsement is not subject to the first paragraph.</u></p> <p>3.The limitation of the amount of endorsements/guarantees of</p>	In line with proceedings with the regulations

Article	Clause before amendment	Clause after amendment	Purpose of amendment
	<p>amount of endorsement shall not exceed the company's net worth as stated in its latest financial statement.</p>	<p>subsidiary ;</p> <p><u>Companies in which the Company directly and indirectly holds more than 90% of the voting shares, may make endorsements/guarantees for each other, and the amount of endorsements/guarantees shall not exceed 20% of the net worth of the company; provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.</u></p> <p>4. The overall limit of the company and its subsidiaries:</p> <p><u>The aggregate amount of endorsements or guarantees provided by the Company and its Subsidiaries shall not exceed 50 % or more of the net worth of the Company; the aggregate amount of endorsements or guarantees provided by the Company and its Subsidiaries to a single enterprise shall not exceed 50 % or more of the net worth of the Company.</u></p>	
Article 5	<p>Hierarchy of decision-making authority and delegation thereof</p> <p>1. When the Company makes any endorsement and/or guarantee shall submit the proposed</p>	<p>Hierarchy of decision-making authority and delegation thereof</p> <p>1. When the Company makes any endorsement and/or guarantee, shall submit the proposal to the</p>	<p>In line with proceedings with the regulations</p>

Article	Clause before amendment	Clause after amendment	Purpose of amendment
	<p>endorsement/guarantee to the Company's Board of Directors for a resolution. When the company establishes independent directors, the Board of Directors shall take into full consideration each independent director's opinion; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors' meeting. The Board of Directors may authorize the chairman to make a decision within the limits of a single endorsement of NT\$20 million in accordance with the relevant provisions of these operational procedures, and such endorsement /guarantee shall be reported to the most coming Board of Directors' Meeting for ratification.</p> <p><u>A subsidiary in which the Company directly and indirectly holds more than 90% of the voting shares, in accordance with Article 3, subparagraph 2, before the guarantee is made, shall submit it to the Board of Directors for a resolution; provided that this restriction shall not apply to endorsements/guarantees made</u></p>	<p>audit committee approval, and then submit to the Company's Board of Directors for a resolution. The Board of Directors shall take into full consideration each independent director's opinion; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors' meeting. The Board of Directors may authorize the chairman to make a decision within the limits of a single endorsement of NT\$20 million in accordance with the relevant provisions of these operational procedures, and such endorsement /guarantee shall be reported to the most coming Board of Directors' Meeting for ratification.</p> <p>2.In case the above limits have to be exceeded to accommodate business needs, at the same time meets the conditions as set in the operational procedures, a resolution of the Board of Directors should be obtained and over half of all the directors should jointly endorse the potential loss that may be brought about by the excess of limits. The Board of Directors should also revise the Procedures</p>	

Article	Clause before amendment	Clause after amendment	Purpose of amendment
	<p><u>between companies in which the Companies holds, directly or indirectly, 100% of the voting shares.</u></p> <p>2. In case the above limits have to be exceeded to accommodate business needs, at the same time meets the conditions as set in the operational procedures, a resolution of the Board of Directors should be obtained and over half of all the directors should jointly endorse the potential loss that may be brought about by the excess of limits. The Board of Directors should also revise the Procedures and has it ratified at the Shareholders' Meeting. If the revised Procedures are not ratified at the Shareholders' Meeting, the Board of Directors should furnish a plan containing a timetable to withdraw the excess portion.</p> <p>When the Company has established independent directors, and when making of endorsements / guarantees for others, it shall take into full consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Directors' meeting.</p>	<p>and has it ratified at the Shareholders' Meeting. If the revised Procedures are not ratified at the Shareholders' Meeting, the Board of Directors should furnish a plan containing a timetable to withdraw the excess portion.</p>	
Article 6	Procedures for handling endorsement/guarantee:	Procedures for handling endorsement/guarantee	In line with proceedings

Article	Clause before amendment	Clause after amendment	Purpose of amendment
	<p>1. When the Company processes the endorsement/guarantee, the endorsee/guarantee company shall submit an application with the finance department of the Company, and the finance department shall make a credit investigation of the endorsee/guarantee, evaluates its risk and make an evaluation record. After reviewing, submit it to the general manager and chairman for further instructions, and if necessary, the Company may require the endorsee/guarantee company to provide collaterals.</p> <p>2. The finance department shall make a credit investigation and risk evaluation of the endorsee/guarantee, and the evaluation shall include:</p> <p>(1). Whether extending any guarantee/endorsement is necessary and reasonable.</p> <p>(2). Whether the guarantee/endorsement amount is necessary based on the financial condition of the applicant.</p> <p>(3). Whether the accumulated guarantee/endorsement amount is within the limit.</p> <p>(4) Whether the amount of an</p>	<p>1. When the Company processes the endorsement/guarantee, the endorsee/guarantee company shall submit an application to the finance department of the Company, and the finance department shall make a credit investigation of the endorsee/guarantee, evaluates its risk and make an evaluation record. After reviewing, submit it to the general manager and chairman for further instructions, and if necessary, the Company may require the endorsee/guarantee company to provide collaterals.</p> <p>2. The finance department shall conduct a detailed credit investigation and risk assessment for the borrowing entity, and the assessment shall at least include:</p> <p>(1) Whether extending any guarantee/endorsement is necessary and reasonable.</p> <p>(2) Whether the guarantee/endorsement amount is necessary based on the financial condition of the applicant.</p> <p>(3) Whether the accumulated guarantee/endorsement amount is within the limit.</p> <p>(4) Whether the amount of an endorsement/guarantee arising from business dealings is within</p>	<p>with the regulations</p>

Article	Clause before amendment	Clause after amendment	Purpose of amendment
	<p>endorsement/guarantee arising from business dealings is within the limit of both the guarantee/endorsement amount.</p> <p>(5)Impacts on the Company's operation, financial condition, an shareholders' equity.</p> <p>(6)Whether collaterals and collateral assessment shall be required.</p> <p>(7)Borrower's credit status and risk assessment records.</p> <p>3.The Finance departmentt shall establish and maintain a memorandum book for its endorsement/guarantee activities and record in detail the following information for the record: the entity for which the endorsement/guarantee is made, the amount, the date of passage by the Board of Directors or of authorization by the Chairman of the board, the date the endorsement/guarantee is made, and the matters to be carefully evaluated under the preceding paragraph.</p> <p>4.The finance department shall assess or recognize, if any, contingent losses brought about by the endorsement/guarantee, to adequately disclose information in the financial statements,</p>	<p>the limit of both the guarantee/endorsement amount.</p> <p>(5)Impacts on the Company's operation, financial condition, an shareholders' equity.</p> <p>(6)Whether collaterals and collateral assessment shall be required.</p> <p>(7)Borrower's credit status and risk assessment.</p> <p>3.The Finance department shall establish and maintain a memorandum book for its endorsement/guarantee activities and record in detail the following information for the record: the entity for which the endorsement/guarantee is made, the amount, the date of passage by the Board of Directors or of authorization by the Chairperson of the board, the date the endorsement/guarantee is made, and the matters to be carefully evaluated under the preceding paragraph.</p> <p>The finance department shall assess or recognize, if any, contingent losses brought about by the endorsement/guarantee, to adequately disclose information in the financial statements, and to provide external auditors with related information for performing the necessary auditing.</p> <p>5.If, due to changes of circumstances, the party to whom the Company provides endorsement and/or</p>	

Article	Clause before amendment	Clause after amendment	Purpose of amendment
	<p>and to provide external auditors with related information for performing the necessary auditing.</p> <p>5.If, due to changes of circumstances, the party to whom the Company provides endorsement and/or guarantee no longer satisfies the criteria set forth in the regulations, or the amount of endorsement and/or guarantee exceeded the limits, a corrective plan shall be provided to the Supervisors and the proposed correction actions should be implemented within the period specified in the plan, and reported at the meeting of the Board of Directors.</p> <p>6.If the endorsee and/or guarantee is a subsidiary with net worth below 50% of issued capital, the reasonableness of its operation capital should be assessed when making the endorsement. And in addition to the provisions of the first paragraph of Article 6 of the procedures, the company's internal auditors should at least quarterly perform auditing on the Operational Procedures of Funds loans and the implementation and produce written auditing reports. Should there be any violation found, a written</p>	<p>guarantee no longer satisfies the criteria set forth in the regulations, or the amount of endorsement and/or guarantee exceeded the limits, a corrective plan shall be provided to the Audit Committee and the proposed correction actions should be implemented within the period specified in the plan, and reported at the meeting of the Board of Directors.</p> <p>1. If the endorsee and/or guarantee is a subsidiary with net worth below 50% of issued capital, the reasonableness of its operation capital should be assessed when making the endorsement. And in addition to the provisions of the first paragraph of Article 6 of the procedures, the company's internal auditors should at least quarterly perform auditing on the Operational Procedures of Funds loans and the implementation and produce written auditing reports. Should there be any violation found, a written report is needed to notify the Audit Committee.</p> <p>7.In the case of a Subsidiary with shares having no par value a par value other than NT\$10, for the paid-in capital in the aforementioned calculation the sum of the share capital plus paid-in capital in excess of par shall be substituted.</p>	

Article	Clause before amendment	Clause after amendment	Purpose of amendment
	<p>report is needed to notify the Supervisors.</p> <p>6. In the case of a Subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the aforementioned calculation, the sum of the share capital plus paid-in capital in excess of par shall be substituted.</p>		
Article 8	<p>1. Internal auditors shall perform auditing on the Operational Procedures of Funds loans and the implementation of the Procedures at least quarterly and produce written auditing reports. Should there be any violation found, a written report is needed to notify the Supervisors.</p> <p>2. The company shall comply with the prescribed procedures when engaging in endorsement guarantees. Should there be any major violation found, the managers and the persons-in-charge shall be punished pending on the conditions of violation.</p>	<p>1. Internal auditors shall perform auditing on the Operational Procedures of Funds loans and the implementation of the Procedures at least quarterly and produce written auditing reports. Should there be any violation found, a written report is needed to notify the Audit Committee.</p> <p>2. The company shall comply with the prescribed procedures when engaging in endorsement guarantees. Should there be any major violation found, the managers and the persons-in-charge shall be punished pending on the conditions of violation.</p>	In line with proceedings with the regulations
Article 10	<p>Announcement and Reporting Procedures</p> <p>The Company shall announce and report the previous month's balance of endorsements / guarantees of itself and its subsidiaries by the 10th day of each month.</p>	<p>Announcement and Reporting Procedures</p> <p>The Company shall announce and report the previous month's balance of endorsements / guarantees of itself and its subsidiaries by the 10th day of each month.</p>	In line with proceedings with the regulations

Article	Clause before amendment	Clause after amendment	Purpose of amendment
	<p>When the balance of endorsements/guarantees of the Company reaches one of the following levels shall announce and report such an event within two days commencing immediately from the date of occurrence of the fact:</p> <ol style="list-style-type: none"> 1.The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50% or more of the Company's net worth as stated in its latest financial statement. 2.The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20% or more of the Company's net worth as stated in its latest financial statement. 3.The balance of endorsements / guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements / guarantees for, long-term investment in, and balance of loans to, such enterprise reaches 30% or more of Company's net worth as stated in its latest financial 	<p>When the balance of endorsements/guarantees of the Company reaches one of the following levels shall announce and report such an event within two days commencing immediately from the date of occurrence of the fact:</p> <ol style="list-style-type: none"> 1.The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50% or more of the Company's net worth as stated in its latest financial statement. 2.The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20% or more of the Company's net worth as stated in its latest financial statement. 3.The balance of endorsements / guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements / guarantees for, amount of the investment using the equity method, and balance of loans to, such enterprise reaches 30% or more of Company's net worth as stated in its latest financial statement. 4.The amount of new endorsements or guarantees made by the 	

Article	Clause before amendment	Clause after amendment	Purpose of amendment
	<p>statement.</p> <p>4.The amount of new endorsements or guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5% or more of the Company's net worth as stated in its latest financial statement.</p> <p>If there is any reporting and announcement required in the preceding four paragraphs for the Company's Subsidiary which is not a Taiwan public company, the Company will follow the requirement on behalf of its Subsidiary.</p>	<p>Company or its subsidiaries reaches NT\$30 million or more, and reaches 5% or more of the Company's net worth as stated in its latest financial statement.</p> <p>If there is any reporting and announcement required in the preceding four paragraphs for the Company's Subsidiary which is not a Taiwan public company, the Company will follow the requirement on behalf of its Subsidiary.</p>	
Article 10-2	<p>The term "Announcement and Report" as used in the Procedures Means the process of entering data to the information reporting website designated by the Financial Supervisory Commission.</p> <p>The term "date of occurrence of the fact" as used in the Procedures refers to the date of contract signing, date of payment, dates of Board of Directors' resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier.</p>	<p>The term "Announcement and Report" as used in the Procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission.</p> <p>The term "date of occurrence of the fact" as used in the Procedures refers to the date of signing, date of payment, dates of Board of Directors' resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier.</p>	In line with proceedings with the regulations
Article 13	The Procedures shall be effective upon approval by the Board of Directors first and then by the	The Procedures shall be effective upon approval by the Board of Directors first and then by the Audit	In line with proceedings with the

Article	Clause before amendment	Clause after amendment	Purpose of amendment
	<p>Supervisors subject to the resolution in the general meeting. Any objection by the Directors which is recorded or in writing shall be submitted to the Supervisors and for discussion by the Shareholders' Meeting.</p> <p>The same shall apply to any amendments to the Procedures.</p> <p>In addition, when the company has set up independent directors, and when the procedures of endorsements / guarantees for others are being discussed in the meeting of the Board of Directors, it shall take into full consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Directors' meeting.</p>	<p>Committee subject to the resolution in the general meeting.</p> <p>Any objection by the Directors which is recorded or in writing shall be submitted to the Audit Committee and for discussion by the Shareholders' Meeting.</p> <p>The same shall apply to any amendments to the Procedures.</p> <p>When the preceding procedures of endorsements / guarantees for others are being discussed in the meeting of the Board of Directors, it shall take into full consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Directors' meeting.</p>	<p>regulations</p>

Hotel Holiday Garden

Comparison table of amendment to the Operational Procedures for Election of Directors

June 19, 2019

Article	Clause before amendment	Clause after amendment	Purpose of amendment
Article 1	To ensure a just, fair, and open election of directors, the Supervisors, these Procedures are adopted pursuant to Articles 21 and 41 of the Taiwan Corporate Governance Best-Practice Principles for TWSE/Taipei Exchange Listed Companies.	To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant to Articles 21 and 41 of the Taiwan Corporate Governance Best-Practice Principles for TWSE/Taipei Exchange Listed Companies.	In conform with the establishment of the audit committee
Article 2	Except as otherwise provided by law and regulation or by the Company's articles of incorporation, the elections of directors and supervisors shall be conducted in accordance with these Procedures.	Except as otherwise provided by law and regulation or by the Company's articles of incorporation, the elections of directors shall be conducted in accordance with these Procedures.	In conform with the establishment of the audit committee
Article 4	The supervisor of the company shall meet the following requirements: 1.Integrity and a practical attitude. 2.Impartial judgment. 3.Professional knowledge. 4.Broad experience. 5.Ability to read financial statements. In addition to the requirements of the preceding paragraph, at least one among the supervisors of this Company must be an accounting or finance professional. Appointments of supervisors shall be made with reference to the provisions on independence contained in the Regulations Governing Appointment of	Deleted.	In conform with the establishment of the audit committee

Article	Clause before amendment	Clause after amendment	Purpose of amendment
	<p>Independent Directors and Compliance Matters for Public Companies, in order to select appropriate supervisors to help strengthen the company's risk management and control of finance and operations.</p> <p>At least one supervisor position must be held by a person having neither a spousal relationship nor a relationship within the second degree of kinship with any other supervisor or with any director. A supervisor may not serve concurrently as the director, managerial officer, or any other employee of the Company, and at least one of the supervisors must be domiciled in the Republic of China to be able to promptly fulfill the functions of supervisor.</p>		
Article 6	<p>Elections of both directors and supervisors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. This Company shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee directors and supervisors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified directors and supervisors will be elected.</p> <p>When the number of directors falls below five due to the dismissal of a director for any reason, this Company shall hold a by-election to fill the vacancy at its next shareholders meeting. When the</p>	<p>Elections of directors at this Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. This Company shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee directors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified directors will be elected.</p> <p>When the number of directors falls below seven due to the dismissal of a director for any reason, this Company shall hold a by-election to fill the vacancy at its next shareholders meeting. When the</p>	In conform with the establishment of the audit committee

Article	Clause before amendment	Clause after amendment	Purpose of amendment
	<p>number of directors falls short by one third of the total number prescribed in the Company's articles of incorporation, this Company shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</p> <p>When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</p> <p><u>When the number of supervisors falls below that prescribed in this Company's articles of incorporation due to the dismissal of a supervisor for any reason, a by-election to fill the vacancy should ideally be held at the next shareholders meeting.</u></p> <p><u>When the supervisors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</u></p>	<p>number of directors falls short by one third of the total number prescribed in this Company's articles of incorporation, this Company shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</p> <p>When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</p>	
Article 7	<p>The cumulative voting method shall be used for election of the directors and supervisors at this Corporation. Each share will have voting rights in number equal to the directors or supervisors to be elected, and may be cast for a single candidate or split among multiple candidates.</p>	<p>The cumulative voting method shall be used for election of the directors at this Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.</p>	<p>In conform with the establishment of the audit committee</p>
Article 8	<p>The board of directors shall prepare separate ballots for directors and the supervisors in numbers corresponding to the directors to be</p>	<p>The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number</p>	<p>In conform with the establishment</p>

Article	Clause before amendment	Clause after amendment	Purpose of amendment
	elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.	of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.	of the audit committee
Article 9	The number of directors and supervisors will be as specified in the Company's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.	The number of directors will be as specified in the Company's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.	In conform with the establishment of the audit committee
Article 13	The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the supervisor as well as the numbers of votes with which they were elected, shall be announced by the chair on the site. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Taiwan Company Act, the ballots shall be	The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors as well as the numbers of votes with which they were elected, shall be announced by the chair on the site. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Taiwan Company Act, the ballots shall be retained until the conclusion of the litigation.	In conform with the establishment of the audit committee

Article	Clause before amendment	Clause after amendment	Purpose of amendment
	retained until the conclusion of the litigation.		
Article 14	The board of directors of the Company shall issue notifications to the persons elected as directors or supervisors.	The board of directors of the Company shall issue notifications to the persons elected as directors.	In conform with the establishment of the audit committee

Appendix 1

Effect upon business performance, earnings per share of any stock dividend distribution and the return on investment of the shareholders: None

Appendix 2

The current shares holding of the directors and supervisors

April 21, 2019

Job title	Name	Elect Date	Term	Initial election date	Holding shares at the time of election		The shareholders' register as of the book closure date	
					Number of shares	Shareholding ratio	Record of shares held	
							Number of shares	Shareholding ratio
Chairman	Representative of Yingchuan International Enterprise Co., Ltd.: Chen Hai-ni	2016.06.20	3 years	1965	18,343,348	19.39%	19,840,164	19.39%
Directors	Representative of Yingchuan International Enterprise Co., Ltd.: Chen Shiyi	2016.06.20	3 years	1965	18,343,348	19.39%	19,840,164	19.39%
Directors	Li Baoshang	2016.06.20	3 years	2017	81,919	0.09%	88,602	0.09%
Independent director	Chen Shuai	2017.06.20	2 years	2017	0	0%	0	0%
Independent director	Li Dezhu	2016.06.20	3 years	2016	0	0%	0	0%
Supervisor	Cai Lihuang	2016.06.20	3 years	2007	1,605	0.002%	1,735	0.002%
Supervisor	Chen Weiyu	2016.06.20	3 years	2007	1,484,519	1.57%	1,605,654	1.57%

1. The paid-in capital of the company is NT\$1,023,014,240, number of shares issued is 102,301,424.
2. According to Article 26 of the Securities and Exchange Act, all directors shall hold a minimum of 8,184,113 shares, and all supervisors shall hold a minimum of 818,411 shares.
3. The numbers of shares, which must reached the statutory standard, held by the directors and supervisors individually and by the entire bodies thereof respectively as recorded in the shareholders' register as of the book closure date for that shareholders' meeting.

Appendix 2

Other matters

The shareholders meeting, the shareholders' proposals and nominations and explanations:

Explanation:

1. In accordance with Article 172 of the Company Act, holding more than one percent of the total number of issued shares, may submit written proposal, but limited to one proposal only, and the proposals are limited to 300 words
2. The company's shareholders' meeting this year accepts the application for shareholder proposal, from April 11, 2019 to April 22, 2019, and this is announced on the Market Observation Post System.
3. The company has not received any shareholder proposals as of the deadline of the proposal.
4. In accordance with Article 192-1 of the Company Act, shareholders holding more than 1% of the total issued shares and the board of directors, may submit a written nomination list of candidates for independent directors.
5. The company's shareholders' meeting this year accepts the application for nominations, from April 11, 2019 to April 22, 2019, and this is announced on the Market Observation Post System.
6. The company has not received any shareholder nomination as of the deadline of the proposal.

Hotel Holiday Garden Regulations of shareholders' meeting

Unless otherwise provided by laws and regulations, shareholders' meetings (the Meeting) of the Company shall be conducted in accordance with the Rules and Procedures of Shareholders' Meetings (the Rules and Regulations) herein.

Article 2: When the Company holds a shareholders' meeting, it shall provide the attendance book for the shareholders to sign in, or the attending shareholders will submit the sign-in card instead of signing in. The number of attending shares will be calculated base on the signature book or the signed card.

Article 3: The attendance and voting of the shareholders' meeting shall be calculated based on the number of shares. If the shareholders propose to count the number of votes, the chairman shall not accept the case.

Article 4: The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

Article 5: The chairman of the shareholders' meeting is aware of the provisions of Article 182 of the Company Act.

Article 6: The company may assign company appointed lawyer, an accountant or relevant personnel to attend the shareholders' meeting.

Staff handling administrative affairs of a shareholders meeting shall wear identification cards for identification.

Article 7: The Company shall tape or video record the entire process of the shareholders' meeting, and keep it for at least a year.

Article 8: The chairman shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has not yet constituted a majority at the time scheduled for the Meeting, the chairman may postpone the time for the Meeting. The postponement shall be limited to two times at the most and the total time of postponement shall not exceed one hour. If after two postponements no majority can yet be constituted but the shareholders present at the Meeting represent more than one-third of the total outstanding shares, tentative resolutions may be made in accordance with

paragraph 1 of Article 175 of the Company Act, unless otherwise provided by other laws and regulations.

If during the process of the Meeting the number of outstanding shares represented by the shareholders present becomes sufficient to constitute a majority, the chairman may submit the tentative resolutions to the Meeting for approval in accordance with Article 174 of the Company Act.

Article 9: The Meeting agenda shall be set by the board of directors if the Meeting is convened by the board of directors.

Unless otherwise resolved at the meeting, the Meeting shall proceed in accordance with the agenda.

If the Meeting is convened by any other person(s), the person(s) shall set the agenda, and the preceding paragraph applies. Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before the proceedings on the agenda are resolved. In the event that the chairman adjourns the Meeting in violation of the Rules and Procedures, the shareholders may designate, by a majority of votes represented by shareholders attending the Meeting, one person as chairman to continue the Meeting.

After the meeting is adjourned, the shareholders may not elect another chairman to continue the meeting at the original site or at another location.

Article 10: When a shareholder present at the Meeting wishes to speak, a speech request form shall be filled out with a summary of the speech, the meeting attendance card number, and the name of the shareholder. The sequence of speeches by shareholders shall be decided by the chairman.

If any shareholder present at the Meeting submits a speech request form but does not speak, no speech shall be deemed to have been made by the shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the speech request form, the contents of actual speech shall prevail.

Unless otherwise permitted by the chairman and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholders, otherwise the chairman shall stop such interruption.

Shareholders' speeches shall be simple and concise, a shareholder shall not speak more than one time for one motion without prior consent from the chairman, and each speech shall not exceed 3 minutes.

If a shareholder violates the preceding article or his or her speech exceeds the scope of the motion, the chairman may stop him or her from doing so or other appropriate disposition.

Article 12: Any legal entity designated as proxy by a shareholder(s) to be present at the Meeting may appoint only one representative to attend the Meeting.

If a corporate shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.

Article 13: After the speech of a shareholder, the chairman may respond himself/herself or appoint an appropriate person to respond.

Article 14: Reporting on matters not to be discussed or voted, the chairman may announce to end the discussion of any resolution and go into voting if the Chairman deems it appropriate.

Article 15: The person(s) to check and the person(s) to record the ballots or election matter during a vote by casting ballots shall be appointed by the chairman. The person(s) checking the ballots shall be a shareholder(s).

Article 16: During the Meeting, the chairman may, at his discretion, set time for intermission. In case of incident of force majeure, the chairman may decide to temporarily suspend the Meeting and announce, depending on the situation, when the Meeting will resume.

Article 17: Except otherwise specified in the related law or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting.

In the resolution, if the chairman of the meeting inquires and receives no objection, the motion is deemed passed, with equivalent force as a resolution by vote.

Article 18: If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute.

If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.

Article 19: The chairman may conduct the disciplinary officers or the security guard to assist in keeping order of the Meeting place. Such disciplinary officers or security guards shall wear badges or arm bands marked "Disciplinary Officers" for identification purpose.

Those shareholders who use public address equipment different from the one supplied at the premises may be prevented from speaking by the chairman.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop the chairman may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 20: These Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

Hotel Holiday Garden

Articles of Incorporation

Chapter 1 General Provisions

Article 1: The Company shall be incorporated, as a company limited by shares, under the Company Law of the Republic of China, and its name shall be Hotel Holiday Garden.

Article 2: The scope of business of the Company:

1. Operates international sightseeing hotel, room rental and the attached Chinese and Western restaurants, night clubs and swimming pool business.
2. General import and export trade business (except for licensing business)
3. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company is located in Kaohsiung City, the future business of setting up branches locally and overseas must be decided by the board of directors.

Article 4: Deleted.

Chapter 2 Shares

Article 5: The total capital stock of the Company shall be in the amount of 1,500,000,000 New Taiwan Dollars, divided into 150,000,000 shares, at ten New Taiwan Dollars each, and authorize the Board of Directors to issue in batches.

Article 6: The Company implements virtual publish of shares, provided that it shall arrange for book-entry registration with a central depository.

Article 7: Change in the list of shareholders' records shall be suspended sixty (60) days immediately before the date of regular meeting of shareholders,

and thirty (30) days immediately before the date of any special meeting of shareholders, or within five (5) days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Company.

Article 8: All the handling of the stocks of the Company shall follow the “Guidelines for Stock Operations for Public Companies” as issued by the competent authority.

Article 9: Deleted.

Article 10: Deleted

Article 11: Shareholders' meetings are classified into two kinds: regular meetings and special meetings. Regular meetings shall be convened at least once annually by the Board of Directors within 6 months after the close of each fiscal year, and special meetings, , shall be called when necessary.

Article 12: To convene a shareholders' meeting, a notice of the meeting shall be given to each shareholder by 30 days before a regular meeting, or by 15 days before a special meeting, stating the date and place of and the proposals to be considered at the meeting.

Article 13: If a shareholder is unable to attend a shareholders' meeting, he/she may appoint a representative to attend it, with a Shareholder Proxy Form issued by the Company, in accordance with Article 177 of the Company Act of the Republic of China, and the Rules Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.

Article 14: Unless otherwise provided by law, the Chairman of the Board of Directors ("Chairman") shall chair every shareholders' meeting. When the Chairman by reason of leave or otherwise is unable to exercise such power of office, the Vice chairman will chair the meeting. If the Vice Chairman by reason of leave or otherwise unable to exercise such power of office, the Chairman shall designate a Director as deputy to chair the meeting, failing which the Directors shall select one from among themselves to chair the meeting.

Article 15: Unless otherwise provided under the Company Act , the quorum for a Shareholders' Meeting shall be duly adopted by a majority in the meeting attended by Shareholders who represent a majority of the total issued shares.

Article 16: Except as otherwise provided by other laws or regulations, each share is entitled to one voting right.

Article 17: All resolutions adopted at a shareholders' meeting shall be recorded in the meeting minutes, and signed or sealed by the chair of the meeting and distributed to each shareholder. The meeting minutes shall state date, place, name of the chair, method of resolution, attendance book of the shareholders, number of shares represented by the shareholders present and kept in the Company. The meeting minutes under the preceding paragraph may be made and announced.

Chapter 3 Board of Directors

Article 18: The Board of Directors of the Company shall consist of not less than 5 and not more than 7 Directors, and shall be elected at a shareholders' meeting from candidates with disposing capacity.

The Directors shall serve a term of office of 3 years and are eligible for re-election and re-appointment. The total amount of registered shares held by the directors, shall comply with the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies.

Among the above-mentioned directors of the company, the number of independent directors shall not be less than two.

The election of independent directors adopts the candidate nomination system, and the Board shall elect the independent directors from among the listed of independent director candidates.

The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements with regard to the independent directors shall be set forth in accordance with the relevant regulations of the securities authority.

The company shall take out directors liability insurance with respect to

liabilities resulting from exercising their duties during their terms.

Article 19: The Chairman shall be elected at a meeting and may also elect a Vice Chairman in the same manner. The Chairman of the Board of Directors shall externally represent the Company.

Article 20: When the Chairman is on leave of absence or cannot exercise its job for any cause, agency of his/her job shall be handled in accordance with Article 208 of the Company Act.

Article 21: The functions of the Board of Directors:

- 1.To decide on business policy
- 2.Approval of the business plan.
- 3.Deliberation of budgets and final accounts.
- 4.Deliberation of increasing or decreasing capital.
- 5.Proposed corporate bond issuance or consolidation.
- 6.Deliberation of proposals for the distribution of profits and offsetting of losses.
- 7.Resolution on foreign investment or cooperation.
- 8.Approval of important chapters revision and abolitions.
- 9.Approval of important contract amendments and abolitions.
- 10.Approval of setting up or dissolving branches.
- 11.Appointing or discharging the Company's managers.
- 12.Convening of the shareholders' meeting

Article 22: The board of directors shall meet at least quarterly, a notice of the reasons for convening a board meeting shall be given to each director and supervisor before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice.

The convening of the board of directors of the company can be notified by writing, electronic transmission or by fax.

The Board of directors is called by the chairperson, and directors shall attend board meetings in person. A director unable to attend in person may appoint another director to attend the meeting in his or her place. A director who appoints another director to attend a board meeting shall in each instance issue a proxy form stating the scope of

authorization with respect to the reasons for convening the meeting. The proxy may be the appointed proxy of only one person. In case a meeting of the board of directors is proceed via visual communication network,then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

Article 23: A meeting of the Board of Directors may be held if attended by a majority or more of total Directors and resolutions shall be adopted with the concurrence of the majority or more of the Directors present at the meeting, and the minutes shall be signed by the chairman.

Article 23-1: The proceedings of a meeting of the Board of Directors shall be signed or sealed by the chairman of the meeting and distributed to each Director and Supervisor within 20 days after the meeting.

Article 24: During the term of the director, the traveling expenses are paid monthly.

Article 24-1: The Board of Directors is authorized to determine the salary for the Directors, taking into account the extent and value of the services provided for the management of the Company and the standards of the industry within the R.O.C. and overseas.

Chapter 4 The Supervisor

Article 25: The company shall have two supervisors who shall be elected by the shareholders' meeting from among the persons with disposing capacity. The term of office is three years, and they may be re-elected. The total registered shares owned by the supervisors shall be in accordance with the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies as set by the securities authority.

The company shall take out supervisors liability insurance with respect to liabilities resulting from exercising their duties during their terms.

Article 26: The functions of the supervisor:

1. Investigation of the financial conditions
2. Reviews of the accounting books and documents of the Company

- 3.Reviews of the company's business status
- 4.Monitoring the business execution of the staff and illegal dereliction of duty report.
- 5.The duties as assigned in accordance with the law.

Article 27: The Board of Directors is authorized to determine the salary for the Supervisors, taking into account the standards of the industry within the R.O.C. and overseas.

Article 27-1: During the office term, the supervisor is able to claim the traveling expenses monthly.

Article 27-2: Deleted.

Chapter 25 Managers

Article 28: The Company may have several Managerial Officers, whose appointment, dismissal and the salary shall comply with Article 29 of the Company Act

Article 28-1:In accordance with the provisions of Article 23, under the resolution of the Board,the company may hire consultants or important staff.

Article 28-2: The other staff of the company shall be appointed or dismissed by the general manager in accordance with the“Working Rules”of the internal operation regulations.

Article 29: Deleted.

Chapter 6 Accounting

Article 30: The company’s fiscal year is set from January 1 to December 31 of the same year.

Article 31: At the end of each fiscal year, the following reports are produced by the board of directors and submitted to the shareholders’ meeting for ratification.

1. Corporate business report
2. Financial statements
3. The surplus earnings distribution or loss make-up proposal.

Article 32: The company belongs to a changing industry, and its life cycle is at the steady growing stage. Regarding the distribution of surplus, the board should consider the budget of capital expenditure and funds needed, and to determine the amount of surplus retention or distributing to the shareholders in the form of cash dividends or bonus.

After closing of accounts, if there are earnings, the Company shall first pay the tax, make up the losses for the preceding years and then set aside a legal reserve of 10% of the net profit. But when such legal reserve amounts to the total paid-in capital, this provision shall not apply. After appropriating or reversing a special reserve in accordance with laws, the balance and the unallocated accumulated earnings from the previous years are the accumulated, distributable earnings for shareholders, for which the Board of Directors shall propose an earning distribution plan to be resolved at the shareholders' meeting. More than 10% of allocable earnings mentioned in the preceding paragraph are provided for dividends and shareholders' bonuses, and the cash dividends should be no less than 10% of the total amount of shareholders' dividends and bonuses.

Article 32-1: A 0.1% or 1% of profit of the current year shall be distributable as employees' compensation. However, the company's accumulated losses shall have been covered.

A 0.1% or 1% of profit of the current year shall be distributable as employees' compensation. However, the company's accumulated losses shall have been covered.

1. In accordance with the Company's Article of Incorporation, 0.1% to 1% of the earnings of the year should be appropriated for employee compensation and no more than 1% for directors and supervisors remuneration.

The profit distributable as employees' compensation shall be distributed in the form of shares or in cash; Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, are entitled to receive shares or cash.

In the preceding paragraph, the term "profitability" for the current year refers to the pre-tax profit of the year less the benefits before the remunerations of the employees and the directors as well as the Supervisor.

A company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as director and supervisors' compensation and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Chapter 7 Supplementary Provisions

Article 33: The organizational regulations and rules will be set accordingly

Article 34: In regards to all matters not provided for in these Articles of Incorporations, the Company Act shall govern.

Article 34-1: The total amount of the Company's reinvestment shall not be subject to the restriction of not more than forty percent of the Company's paid-up capital as provided in Article 13 of the Company Law.

Any matters regarding the reinvestment shall be resolved in accordance with the resolutions of the Board of Directors.

Article 34-2: The company may provide endorsement for business needs, and adheres to Operational Procedures for Endorsements and Guarantees.

Article 35: In accordance with the law, the organizational rules of the Company shall be adopted separately by the Board of Directors, and any amendment applies.

Article 36: This Chapter was enacted May 26, 1959, and the first Amendment was approved on February 1, 1963, the second Amendment on August 3, 1964, the third Amendment on September 18, 1968, the fourth Amendment on June 1, 1969, the fifth Amendment on July 23, 1973, the sixth Amendment on May 20, 1978, the seventh Amendment on December 2, 1979, the eighth Amendment on June 27, 1981, the ninth Amendment on November 19, 1981, the tenth Amendment on March 22, 1982, the eleventh Amendment on January 30, 1983, the twelfth Amendment on December 7, 1987, the thirteenth Amendment on April 14, 1988, the fourteenth Amendment on April 26, 1989, the fifteenth Amendment on September 20, 1989, the sixteenth

Amendment on June 4, 1990, the seventeenth Amendment on September 20, 1990, the eighteenth Amendment on September 20, 1990, the nineteenth Amendment on June 20, 1992, the twentieth Amendment on June 22, 1992, the twenty-first Amendment on April 13, 1993, the twenty-second Amendment on May 16, 1994, the twenty-third Amendment on April 15, 1995, the twenty-fourth Amendment on May 7, 1996, the twenty-fifth Amendment on April 9, 1997, the twenty-sixth Amendment on April 22, 1998, the twenty-seventh Amendment on May 7, 1999, the twenty-eighth Amendment on May 10, 2000, the twenty-ninth Amendment on June 18, 2002, the thirtieth Amendment on June 3, 2003, the thirty-first Amendment on June 15, 2004, the thirty-second Amendment on June 21, 2005, the thirty-third Amendment on April 12, 2007, the thirty-fourth Amendment on April 15, 2008, the thirty-fifth Amendment on June 10, 2009, the thirty-sixth Amendment on June 25, 2010, the thirty-seventh Amendment on June 17, 2011, the thirty-eighth Amendment on June 12, 2012, the thirty-ninth Amendment on June 13, 2014, the fortieth Amendment on June 12, 2015, the forty-first Amendment on June 20, 2016, and becomes effective after being approved by the shareholders' meeting.

Hotel Holiday Garden

Rules of procedures for board of directors' meeting

Article 1 (The basis for the establishment of this regulation)

To establish a good system of governance, develop monitoring functions and enhance management capability, these Rules and Procedures for Meetings of the board of directors were developed pursuant to Article 2 of the Regulations Governing Procedure for Meetings of the board of directors of Public Companies.

Article 2(The scope of this regulation)

Unless relevant laws and regulations or the Company's Articles of Incorporation provide otherwise, the Company's Meetings of the board of directors shall be conducted in accordance with these Rules and Procedures for Meetings of the board of directors (the "Rules and Procedures").

Article 3 (Convening of meeting of Board of directors and notification)

The board of directors of the company is convened at least every quarterly.

A notice of the reasons for convening a board meeting shall be given to each director and supervisor before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice.

The notice of the convening of the preceding paragraph can be written, by email (e-mail) or by fax.

All items listed in Article 12-1 of these Rules and Procedures shall be specified in the notice of the reasons for convening a meeting of the board of directors; none of the listed items may be raised by extemporary motions unless in case of emergency or for a legitimate reason.

Article 4(Meeting notice and meeting materials)

The Company's Finance department is the designated unit in charge of preparing the board meeting.

The in charge department shall prepare notice, materials and for providing logistical support for meetings of the board of directors. The meeting materials shall be mailed out along with the meeting notice.

If the directors consider the meeting materials to be insufficient, they may request the designated unit to provide supplemental materials in advance. If a director considers the meeting materials to be insufficient during the meeting, the consideration of that agenda item may be postponed upon a resolution of the board of directors.

Article 5(Preparation of attendance book and the commission of the directors)

A sign-in booklet shall be provided at every meeting of the board of directors for the attending directors to register their attendance.

The directors shall attend meetings of the board of directors in person. If unable to attend, a director may, in accordance with the Articles of Incorporation of the Company, appoint another director to attend on his behalf by proxy; Any director attending the meeting via video conference shall be deemed to have attended the meeting in person.

A director may, appoint another director to attend on his behalf by proxy which specifies the scope of authorization.

Any appointee shall not act as proxy for more than one director in the preceding two paragraphs.

Article 6 (Principle of meeting place and time of the board)

Meetings of the board of directors shall be held at the head office and during the office hours of the Company or at any other appropriate place and time convenient for the directors to attend and suitable for holding such a meeting.

Article 7(Chairman and agent of the Board)

Meetings of the board of directors shall be convened and presided over by the chairman of the board of directors. However, the first meeting of every term of the newly elected board of directors shall be convened and presided over by the director who has received the largest number of votes after such election; if there are two or more persons with such convening rights, they shall elect from amongst themselves one person to convene and preside over the meeting.

If the chairman of the board of directors is on leave or unable to exercise his powers for any cause, the vice chairman of the board of directors shall act on his behalf. If the vice chairman is also on leave or unable to exercise his powers for any cause, the chairman shall appoint a Managing director to act on his behalf. In the absence of such an appointee, the directors shall elect from amongst themselves one person to act on the behalf of the chairman.

Article (Reference materials, person attending the meeting and convening of the board of directors' meeting.)

The Finance department shall prepare meeting materials for the directors' reference. Depending on the subject matters of proposed resolutions, relevant managerial personnel may be invited to present at meetings of the board of directors. In addition, CPAs, legal counsel, or other professional personnel may be invited to the meetings as well. However, they should leave during discussion and voting.

The chairman shall call the meeting to order at the time scheduled for the meeting when half or more of the directors are present. If half or more of the directors are

not yet present at the scheduled time for a meeting of the board of directors, the chairman may postpone the time of the meeting. The total time of postponements shall not exceed an hour, and shall be limited to twice at the most. If after two postponements no quorum can yet be constituted, the chairman may reconvene the meeting.

The total of the directors stated in the above section are the directors who are actually in office.

Article 9 (Tape recording or video recording of the process of the board meeting)

The process of a meeting of the board of directors shall be fully tape-recorded or video-recorded and saved electronically for at least five years.

If litigation occurs regarding any matter resolved by the board of directors before the abovementioned period expires, the relevant recording tapes or videos shall continue to be retained until the litigation is concluded, and the above mentioned five-year rule shall not be applicable.

If a meeting of the board of directors is held via video conference, the video and recording tapes shall be part of the meeting minutes and be permanently retained throughout the life of the Company.

Article 10 (Agenda of the meeting)

The agenda of regular meetings of the board of directors shall include at least the following items:

1. Report items:

- (1) The meeting minutes of the preceding meeting and action items implementations;
- (2) Business and financial reports;
- (3) Internal audit reports;
- (4) Other important matters report.

2. Discussion items:

- (1) Discussion items reserved by the preceding meeting;
- (2) Discussion items of the current meeting.

3. Special motions

Article 11 (Discussion of proposals)

In principle, the discussion of proposed resolutions at a meeting of the board of directors shall proceed in accordance with the agenda attached to the meeting notice. However, the chairman may make changes if he receives the consent of more than half of the attending directors.

Unless otherwise resolved at the meeting, the chairman shall not announce adjournment of the meeting before all the discussion items (including special motions) listed in the above-mentioned agenda are resolved.

In the process of a meeting of the board of directors, if the number of directors present at the meeting becomes fewer than half of the directors originally attending the meeting, the chairman shall announce a temporary adjournment of the meeting upon a motion made by any director present at the meeting; Article 8 Section 3 of these Rules and Procedures applies mutatis mutandis to such cases.

Article 12 (Subject to discussion by the board of directors)

The following items shall be discussed by the Board:

1. The company's business plan.
2. Annual financial statements and semi-annual financial report with the exception of semi-annual financial reports that are not required under relevant laws and regulations to be audited and attested by a certified public accountant (CPA).

Internal Control System setup and revision, and the assessment of the effectiveness of the Internal Control System in pursuant of Securities and Exchange Act Article 14-1.

4. Pursuant to Article 36-1 of the Securities and Exchange Act, setting or amending the procedures for acquisition or disposal assets, financial derivatives transactions, lending funds to other parties, and procedures for endorsements and guarantees.

Offering, issuance, or private placement of any equity-type securities;

The appointment or discharge of any financial, accounting, or internal audit officer.

7. Donations to related parties or substantial donations to non-related parties, but because it is public welfare donations to major natural disasters, it must be ratified at the next Board of directors' meeting.

Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders meeting or to be resolved by to a meeting of the board of directors, or any material matter as may be prescribed by the competent authority.

9. The remuneration of the directors, supervisors and managers shall be decided by the Board, after the recommendations of the remuneration committee.

When the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee regarding the remuneration of directors, supervisors and managers, there must more than two-thirds of all directors present and more than half of the directors present must agree to the act, and explain if the remuneration approved by the board of directors is better than the recommendation of the remuneration committee.

If the remuneration passed by the directors is better than the recommendation of the remuneration committee, the differences and reasons shall be stated in the minutes of the board of directors, and shall be announced within 2 days from the date of approval by the board of directors.

The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers;

The term "substantial donation to a non-related party" means any donation or a series of donations within a one-year period to a single recipient that, on an individual basis or cumulatively, amount to NT\$ 100 million or more, or reach 1 percent of the net operating revenue or 5 percent of the paid-in capital as stated in the audited financial reports for the most recent fiscal year.

The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened.

Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

At least one independent Director shall attend the meeting in person; for the first resolution to be made at the meeting of the board, all independent directors shall be present. If an independent Director is not able to attend the meeting in person, he or she shall appoint another independent Director to attend the meeting on his or her behalf. Any objection or reservation that an independent Director may have shall be specified in the minutes of proceedings of the Board meeting. If an Independent Director wishing to express his or her objection or reservation is unable to attend the Board meeting in person, he or she shall provide a written statement providing his view and opinions on the relevant matters for consideration at the Board meeting and his statement shall be included in the minutes of the Board meeting, unless there is some legitimate reason to do otherwise.

Article 13 (Resolution 《1》)

The chairman may announce to end the discussion of any resolution and submit the matter to a vote if the chairman deems the matter to have been sufficiently discussed.

When a proposal comes to a vote at a board meeting, if no attending director voices an objection following an inquiry by the chair, the proposal will be deemed approved. If there is an objection following an inquiry by the chair, the proposal shall be brought to a vote.

The method of voting shall be one of the following as determined by the chairman, provided that when an attending director has an objection, the chair shall seek the opinion of the majority to make a decision:

1. By showing of hands or voting machines;
2. By roll call vote;
3. By casting ballots; and
4. By method selected by the Company.

Article 14 (Resolution 《2》 and methods for vote monitoring and counting)

Except as otherwise specified in the Securities and Exchange Act or the Company Act, a resolution shall be adopted by a majority of those directors present at a meeting which is attended by a majority of all directors.

If there is an amendment to or substitute for a proposed resolution, the chairman shall decide the sequence of voting for such proposed resolution and the amendment or substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is required. If a vote on a proposal requires monitoring and person(s) to counting the ballots, the chairman shall appoint such personnel; however, all monitoring personnel shall be directors.

The result of voting shall be announced at the meeting and placed on record.

Article 15 (Recusal system for directors)

If a director or the judicial person the director represents has a personal interest in the matter under discussion at the meeting, the relevant director shall disclose the nature of such personal interest. If such interest may impair the interest of the Company, the relevant director shall not join the discussion and voting of such matter, and shall recuse himself/herself when the matter is being discussed and resolved; nor shall the relevant director exercise voting right on behalf of another director

Regarding the directors stated in above section, the provisions of Article 180, paragraph 2, of the Company Act, as applied mutatis mutandis under Article 206, paragraph 2, of that Act, shall apply in cases where a director is prohibited by the preceding paragraph from exercising voting rights.

Article 16 (Meeting minutes and sign-in matters)

Proceedings of the Company's Board meetings shall be recorded in the meeting minutes, which shall specify the following matters in detail:

1. The term (or year), place, and time of the meeting;
2. Name of chairman.
3. The attendance situation of the directors, including the names and numbers of those who are present, on leave, and absent;
4. Names and titles of the other attendants.
5. Name of the reporter.
6. Reported items.
7. Discussion items: the voting method and the result of each proposed resolution; a summary of opinions given by the directors, supervisors, experts, and other personnel; the names of the directors that disclosed a conflict of interest in the preceding paragraph, the nature of the conflict of interest, the reasons for

recusal or non-recusal, and the circumstances of recusal; any dissenting opinion or abstention with a written statement; any written statement provided by the independent directors pursuant to Articles 12 Section 4 of the Rules and Procedures.

8. Special motions: the names of the persons proposing the special motions; the voting method and the result of each proposed resolution; the summary of opinions given by the directors, supervisors, experts, and other personnel; any dissenting opinion or abstention with a written statement.

9. Other items required to be recorded.

The meeting attendance register shall be part of the meeting minutes and be permanently retained throughout the life of the Company.

Meeting minutes shall be signed or sealed by the chairman of the meeting and the recorder, distributed to each director within twenty days after the meeting, and permanently retained throughout the life of the Company.

Preparation and distribution of the minutes of the proceedings in the first paragraph may be done electronic transmission.

Article 17 (Principles with respect to the delegation of powers by the board)

With the exception of matters required to be discussed at a board meeting under Article 12, paragraph 1, when the board of directors appoints a party to exercise the powers of the board in accordance with applicable laws and regulations or this Company's articles of incorporation, the contents of delegation are as below:

(1) Loans made to the subsidiary, and endorsement/guarantee matters are reported to the board of directors for ratification.

(2) The company's borrowings for financial institutions are reported to the board for ratification.

Article 18 (Meetings of board of managing directors)

The provisions of Article 2, Article 3, paragraph 2, Articles 4 to 6, Articles 8 to 11, and Articles 13 to 16, and article 19 (supplementary provision) mutatis mutandis, apply to the Company's meetings of the board of managing directors.

Article 19 (Supplementary Provisions)

These Rules of Procedure shall be adopted by the approval of meeting of the board of directors and shall be reported to the shareholders meeting.

The board of directors may be authorized to adopt, by resolution, any future amendments to these Rules.

Hotel Holiday Garden

Operational procedures for the Acquisition or disposal of assets

Article 1 Purpose

In order to protect the assets, implementation of proper information disclosure, the acquisition and disposal of assets of the company shall comply with the operational procedures.

Article 2 The Company shall handle the acquisition or disposal of assets in compliance with the Article 36-1 of the Securities Exchange, provided, where financial laws or regulations provide otherwise, such provisions shall govern.

Article 3 The term "assets" as used in these Regulations includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, land assess and construction enterprise inventory) and equipment.
3. Memberships
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
6. Derivatives
7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
8. Other major assets.

Article 4 Definition of terms

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from assets, interest rate, foreign exchange rate, indexes, or other beneficial products; hybrid contracts combining the above contracts; The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.

Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act,

Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-8 of the Company Act.

3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

Article 5 Appraisal Procedure

In acquiring or disposing of securities which are not traded on any stock exchange or over-the-counter, its net worth per share, profitability, potential of future growth, market rates, interest rates of bonds, credit ratings and its current market price shall be evaluated.

When the securities are acquired or disposed of through stock exchange or over-the-counter, the then equity or bond prices shall be used as the basis for determining the price.

3. Acquisition or disposal of assets other than the assets mentioned above shall be effected through price inquiry, price comparison, price negotiation, or public bidding, and references shall be made to public announcements of present value and price of real property in the neighborhood.

Article 6 Asset acquisition or disposal procedure

1. Before the acquisition or disposal of assets, the personnel-in-charge shall evaluate the reason(s) for the proposed acquisition or disposal of assets, target assets, counterparties, prices, conditions precedent to closings, pricing

reference and then submit the same to the manager-in-charge for his/her approval, and executed by the management department, related matters shall be subject to the relevant provisions of the internal control system of the Company.

The execution unit of the company's investment in long-term and short-term securities is the Finance Department, transactions involving real property or other fixed assets: Department in use of the target assets and other personnel-in-charge, transactions involving other assets: shall be reviewed and approved by the relevant personnel-in-charge.

All acquisitions or disposals of assets by the Company shall be subject to the relevant provisions of the internal control system of the Company. Should there be any major violation found, the persons-in-charge shall be punished pending on the conditions of violation.

Article 7 Authorization

Trading of long- or short-term securities by the Company shall be submitted to the general manager and chairman for approval.

Article 8 Except transactions with government institutions, contracting third parties to construct on land owned or rented by the Company, or acquisition of equipment for operation purpose, for acquisition or disposal of real estate or equipment by the Company whose amount reaches 20% of the Company's paid-in capital or NT\$300 million, an appraisal report issued by a Professional Appraiser shall be obtained prior to the Date of the Event and the following provisions should be complied with:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any change in future to the terms and conditions of the transaction.
2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding

the reason for the discrepancy and the appropriateness of the transaction price:

- (1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.

The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.

No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 9 The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission.

Article 10 Where a public company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

Article 10-1 The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 31, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction.

Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction

amount.

Article 11 The company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinion may not be a related party.

Article 13 When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 12 herein.

When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

Article 14 When the company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a transaction counterparty.
3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 16 and Article 17.
4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.

5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
7. Restrictive covenants and other important stipulations associated with the transaction. The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 22, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.

When the company and its subsidiaries acquire or dispose equipment for business use, the board of directors may delegate the board chairperson to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting

The independent director has been established in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Where an audit committee has been established in accordance with the provisions of the Act, the matters for which paragraph 1 requires recognition by the supervisors shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 6.

Article 15 A public company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
2. Total loan value appraisal from a financial institution where the related party

has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

Where land and buildings are purchased as a single combined property or leased in one transaction, the transaction costs for the land and the buildings may be separately appraised in accordance with either of the means listed in the preceding paragraph.

When the company acquires real property and appraises the cost of the real property in accordance with the first and second paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.

Where a public company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 14, and the preceding three paragraphs do not apply:

1. The related party acquired the real property through inheritance or as a gift.
2. More than 5 years have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.

Article 16 The company acquires real property from a related party and the results of appraisals conducted in accordance with the preceding articles are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with the regulations against the difference between the real property transaction price and the appraised cost and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under the regulations, shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
2. Supervisors shall comply with Article 218 of the Company Act.
 1. Actions taken pursuant to the preceding subparagraphs 1 and 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The company has set aside a special reserve under the preceding paragraph, may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the Exchange Securities Commission has given its consent.

1. The company obtains real property from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.

Article 17 The Board of Directors shall supervise derivatives transactions in accordance with the following principles:

1. Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.
2. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.

Designated by the Board of Directors, the senior executives shall monitor and control derivatives transactions in accordance with the following principles:

1. Regularly reviewing the level of adequacy of the current risk control process and its degree of consistency with the principles and procedures for Financial Derivatives Transactions set forth herein; and
2. Monitoring trading and profit-loss circumstances, and upon having identified unusual performances and results, undertaking any actions deemed necessary to correct the situation and reporting to the Board of Directors at a meeting, and when an independent director is set up, the independent director shall be present and express opinions.

The company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.

Article 18 The company conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be

exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

Article 19 The company shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an

exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding 3 and 4 paragraphs.

Article 20 The company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
2. An action, such as a disposal of major assets, that affects the company's financial operations.
3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall, in accordance with the regulations, record all related matters so as to uphold the rights and obligations of the companies.

Article 21 Regulations for the acquisition and disposal of assets by subsidiaries.

1. Subsidiaries' acquisition and disposal of assets shall comply with the provisions of the parent company.

Subsidiary that is not itself a public company in Taiwan, when acquires or disposes assets up to the stipulated reporting standards of Article 9

Subsidiary that is not itself a public company in Taiwan, when acquires or disposes assets up to the stipulated reporting standards of Article 9 information shall be reported by the mother company.

If the public announcement made by the subsidiary reaches the 20 percent standard of the paid-in-capital

or 10% of the total assets of the parent company, are subjected to the

parent company's paid-in-capital or total assets.

Article 21-1 Article 21-1 For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

In the case of a company whose shares have no par value or a par value other than NT\$10 for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted.

Article 22 The standards required to be announced or reported

Under any of the following circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. Consolidation, division, acquisition or share transfer
3. Losses from derivative products transactions reaching the loss limits for any individual or all contracts set out in the procedures.
4. Where the type of assets acquired or disposed of are equipment for business use, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
 - (1) For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 - (2) For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
5. Acquisition or disposal by a public company in the construction business of real property for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million.
6. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint

construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT\$500 million.

7. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:

(1) Trading of domestic government bonds.

(2) Where done by professional investors—securities trading on domestic and overseas securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics that are offered and issued in the domestic primary market, or subscription by a securities firm of securities as necessitated, by its undertaking business or subscription by a securities firm of securities as necessitated, by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

(4) Where the asset type is machinery equipment for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount has not reached NT\$500 million.

(5) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction does not reach NT\$500 million.

The amount of transactions in the preceding shall be calculated as follows:

1. The amount of each individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property within the same development project within the same year.

4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property within the same development project within the same year.

The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same securities within the same development project within the same year. The term "within a one-year period" means the period between one year prior to the date of this Board meeting and the date of this Board meeting. Amount of the donations already approved by the Board should be excluded.

The company, acquiring or disposing of assets, shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.

Article 23 The time required to be announced or reported.

Where any of the following circumstances occurs with respect to a transaction of the company which has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event: Change, termination, or rescission of a contract signed in regard to the original transaction.

The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.

Change to the originally publicly announced and reported information.

Article 24 Date of Implementation

The Operational procedures after passed by the board of directors, submit the Procedures to each supervisor and submit them for approval by the shareholders' meeting; the same shall apply to amendments to the Procedures; where any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinion to each supervisor.

When the Operational procedures of Acquisition or Disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Where an audit committee has been established in accordance with the

provisions of the Act, when the procedures for the acquisition or disposal of asset are adopted or amended they shall be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution made by the audit committee shall be recorded in the minutes of the board of directors meeting.

The terms "all audit committee members" in paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Hotel Holiday Garden The Operational Procedures for Loaning of Company Funds

1. Purpose :

These Operational Produces are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act.

The company shall comply with these Regulations when making loans, provided that where another financial related act or regulation provides otherwise, the provisions of such act shall prevail.

2. Content:

Article 1 Lending Counterparts

1. Parties with which the Company does business.

2. Where short-term financing facility for inter-firm and the Company is necessary, provided that such financing amount shall not exceed 40 percent of the lender's net worth.

The phrase "short-term" mentioned above shall mean within one year. However, if the Company's business cycle is more than one year, such business cycle shall prevail.

The "amount of financing" means the accumulated balance of the Company's short-term financing.

Foreign companies, of which the Company directly or indirectly controls 100% of the voting shares, if engaged in the lending business, will be exempted from the restrictions referred to in the preceding two paragraphs.

Reasons and necessity for loaning of company funds:

Where an inter-company or inter-firm business transaction calls for a loan arrangement, shall comply with provisions of Article 3 subparagraph 2; due

to short-term financing is needed, the conditions of extending loans are as follows:

1. It is necessary for the Company, due to a business need, to grant a short-term financing facility to a company in which the Company holds 50 percent or more of the shares.

Where short-term financing is required for a company or business due to purchase of materials or operational needs.

Where the loan is approved by the Board of Directors of the Company.

Article 3 The aggregate amount of loans and the maximum amount permitted to a single borrower:

1. Where an inter-company or inter-firm business transaction calls for a loan arrangement; the financing amount shall not exceed the total amount of trading between the two companies. The so-called the total amount of trading refers to the highest amount of purchase or sales between the two parties. The total loan and amount due to business transactions shall not exceed 10% of the net worth of the company.

Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40 percent of the lender's net worth. Because short-term loans shall not exceed 40 percent of the lender's net worth.

The restriction in the preceding paragraphs shall not apply to inter-company loans of funds between foreign subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares, but the individual loans of funds of inter-company shall not exceed 7.5 percent of the lender's net worth, the total loans of funds shall not exceed 15 percent of the lender's net worth, and the length of loans shall not exceed 15 years.

Article 4 The Operational Procedures for Loaning of Company funds:

1. Credit status:

When the company handles loans, the borrower shall provide the necessary company information and financial information, and submit a written application for financing amount to the company.

After accepting the application, the financial department of the company shall investigate, evaluate and prepare a report on the business operations, financial conditions, solvency and credit, profitability and borrowing purposes of the loan of the borrowing entity.

The financial department shall conduct a detailed assessment review of the borrowing entity, and the assessment shall at least include:

- (1)The necessity of and reasonableness of extending loans to others.
- (2)To check the necessity of the loans by evaluating the financial conditions of the borrowing entity.
- (3)Whether the accumulated funds loan is still within the limit.
- (4)Impact on the company's business operations, financial condition, and shareholders' equity.

Whether collateral must be obtained and appraisal of the value thereof.

To attach the report of the credit status and risk assessment of funds loan entity.

2. Securities

When handling the fund loan procedures, the company shall obtain the same amount of secured promissory note and, if necessary, also setting up the mortgage of mobile property or real estate. If the debtor provides considerable capital of individual or the company as a guarantee, instead of providing the collateral, the board of directors may refer to the credit report of the finance department; If the company is the guarantor, it should be noted that the articles of association have provisions that are guaranteed

3. Scope of authorization:

When handling the procedures of funds loaning, after the finance department checked the credit of the lending company and upon the approval the general manager. It is implemented after submission to the board of directors for approval. No other party is authorized to decide.

When fund lending is contemplated between the Company and its subsidiary company or when fund lending to Subsidiaries is contemplated by the Company, as in the preceding regulation an approval from the Board of Directors shall be obtained, and the Chairman shall be authorized to handle the matter within the specific amount of fund lending to the same party approved by the Board of Directors and the lending is authorized in installment or revolver within one year.

"Specific amount" as referred to above shall mean that the authorized amount of loans by the Company to an individual entity shall not exceed 10% of the Company's net value in their most recent financial statement except those foreign companies engaging in unrestrictive amount loans of whom the Company directly or indirectly holds 100 percent of voting shares.

When the company establishes independent directors, the Board of Directors shall take into full consideration each independent director's opinion; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors' meeting.

Article 5 Durations of loan and calculation of interest:

1. The term of each loan extended shall not exceed one hundred and eighty days. Under any special circumstance and subject to applicable laws and regulations, the Company may extend the term of the loan with the approval of the Board of Directors.

2.The interest should not be lower than the maximum interest rate of the company's short-term borrowings from financial institutions.

The calculation of the loan interest of the company is based on the principle of monthly interest payment. Under any special circumstance and subject to applicable laws and regulations, the Company may extend the term of the loan with the approval of the Board of Directors.

Article 6 Subsequent measures for management of loans, and procedures for handling delinquent creditor's rights

1.Upon the release of the funds, the Company shall pay attention to the borrower's and guarantor's financial, business and credit status, etc.

In cases involving collateral, the Company shall pay attention to its guarantee value and any change thereto.

If there is any significant change, the finance department shall notify the Company's Chairman and adopt proper steps to handle as instructed by the Company's Chairman.

2.When the borrower would like to repay its loan on or before expiration date, the interest payable shall be calculated first, and the Banker's acceptance shall not be returned nor collateral registration shall be cancelled until said interest plus the principal are repaid to the Company by the borrower.

3.The borrower shall repay the loan including the principle and interest upon expiration date. If the borrower fails to repay the loan upon expiration date and needs to file for extension, the borrower shall file an application with the Board of Directors for approval in advance.

The borrower is only allowed to file for extension once for the same loan and the extension period cannot exceed three months. In the event the borrower violates these Procedures, the Company may institute a legal action against the guarantor and dispose of the collateral pursuant to laws.

Article 7 Internal audit:

- 1.The Company shall establish and maintain a memorandum book for its fund-loaning activities and truthfully record the following information: borrower, amount, date of approval by the Board of Directors, lending/borrowing date, and matters to be carefully evaluated under the preceding Article.
- 2.Internal auditors shall perform auditing on the Operational Procedures of Funds loans and the implementation of the Procedures at least every quarterly and produce written auditing reports. Should there be any violation found, a written report is needed to notify the Supervisors. Should there be any major violation found, the managers and the persons-in-charge shall be punished pending on the conditions of violation.
- 3.Should a borrower no longer satisfy the criteria set forth in the Operational Procedures or there be any excess over the lending limit due to unexpected changes of the Company, a corrective plan has to be provided to the Supervisors and the proposed correction actions should be implemented within the period specified in such plan, so as to strengthen the internal control of the company.

Article 8 Announce and report

- 1.The Company shall announce and report the previous month's balance of loaned funds of itself and its subsidiaries by the 10th day of each month.
2. When the balance of loaned funds of the Company reaches one of the following levels shall announce and report such an event within two days commencing immediately from the date of occurrence of the fact:
 - (1)The balance of the loaned funds by the Company and its subsidiaries exceeds 20% of the net value of the Company, as specified in its latest financial statement.
 - (2)The balance of funds lent to any single entity by the Company and its

subsidiaries exceeds 10% of the net worth of the Company, as specified in its latest financial statement.

(3)The increase of new loans by the Company or its subsidiaries reaches NT\$10 million or more, or is more than 2% of the net worth of the Company, as specified in its latest financial statement.

The Company shall announce and report on behalf of any of its subsidiaries that are not a domestic public company any matters that such subsidiary is required to announce and report pursuant to the preceding 3 paragraph.

Article 9 "Subsidiary" and "parent company" as referred to in these operational procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The company's financial reports are prepared according to the International Financial Reporting Standards, "net worth" in these Operational procedures means the balance sheet equity attributable to the owners of the parent company.

Article 10 The term "announce and report" as used in these procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC).

"Date of occurrence" in these procedures means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the transaction entity and amount of the transaction, whichever date is earlier.

3. Other matters

1. When the company's subsidiary intends to make loans to others, the company shall instruct it to formulate its own Operational Procedures for Loaning of Company Funds in compliance with these Regulations, and it shall comply with the Procedures when loaning of company funds.

2.The company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures.

3.Any matter not set forth in the Procedures shall be processed in accordance with relevant laws and regulations and/or the Company's relevant rules and regulations.

4. Effective and revised:

The Procedures and any amendment to the Procedures shall be approved by the Audit Committee as well as board meeting resolution and submitted to the shareholders' meeting for approval. Any objection expressed by any director of the board that is minuted or provided in writing shall be submitted to the shareholders' meeting for discussion.

If otherwise independent directors are established, the Operational procedures in accordance with the preceding paragraph, when submitted to the board of directors for discussion, shall take into full consideration the opinion of each independent director; independent director's opinion specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors' meeting.

Hotel Holiday Garden
The Operational procedures for

Endorsements and Guarantees

Article 1 These Regulations are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act.

The company shall comply with these Regulations when handling endorsements of or that when the other act or regulation provides otherwise, the provisions of such act shall prevail.

Article 2 Scope of application of the present procedures

1. Financing endorsements/guarantees, including:

(1) Bill discount financing.

(2) Endorsement or guarantee made to meet the financing needs of another company.

(3) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.

2. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters.

3. Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.

4. Any creation by the company of a pledge or mortgage on its chattel or real property as security for the loans of another company. shall also comply with these Regulations.

Article 3 Entities for which the company may make endorsements/guarantees.

The Company may make endorsements/guarantees for the following companies:

1. A company with which the Company does business.

2. A company in which the Company directly and indirectly holds more than 50% of the voting shares.

3.A company that directly and indirectly holds more than 50% of the voting shares in the Company.

Companies in which the Company holds, directly or indirectly, 90%, or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements or guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.

Where the company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements/guarantees may be made free of the restriction of the preceding two paragraphs.

Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the company, or through a company in which the company holds 100% of the voting shares.

Article 4 Amount of endorsement/guarantee.

1.For companies having business dealings with the Company, the amount of individual endorsement shall not exceed the amount of business transactions between the two companies. The so-called business transaction amount refers to the highest amount of purchase or sales between the two companies.

The total amount of endorsement guarantee may not exceed 10% of the company's net worth.

2. A subsidiary in which the Company directly and indirectly holds more than 50% of the voting shares, the aggregate amount of endorsement cannot exceed the company's net worth as stated in its latest financial statement.
3. A company that directly and indirectly holds more than 50% of the voting shares in the Company, the aggregate amount of endorsement shall not exceed the company's net worth as stated in its latest financial statement.
4. A company in which the Company directly and indirectly holds more than 90% of the voting shares, the aggregate amount of endorsement shall not exceed 10% of the net worth of the company.
5. A company in which the Company directly and indirectly holds 100% of the voting shares, the aggregate amount of endorsement shall not exceed the company's net worth as stated in its latest financial statement.

Article 5 Article 5 Hierarchy of decision-making authority and delegation thereof

1. When the Company makes any endorsement and/or guarantee shall submit the proposed endorsement/guarantee to the Company's Board of Directors for a resolution. When the company establishes independent directors, the Board of Directors shall take into full consideration each independent director's opinion; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors' meeting. The Board of Directors may authorize the chairman to make a decision within the limits of a single endorsement of NT\$20 million in accordance with the relevant provisions of these operational procedures, and such endorsement /guarantee shall be reported to the most coming Board of Directors' Meeting for ratification.

The company holds, directly and indirectly 90% or more of the voting shares of the company in accordance with the provisions of Article 3, paragraph 2, before the endorsement of the guarantee, and shall report to the company's board of directors for resolutions before implementing.

This restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, of the voting shares.

2. In case the above limits have to be exceeded to accommodate business needs, at the same time meets the conditions as set in the operational procedures, a resolution of the Board of Directors should be obtained and over half of all the directors should jointly endorse the potential loss that may be brought about by the excess of limits. The Board of Directors should also revise the Procedures and have it ratified at the Shareholders' Meeting. If the revised Procedures are not ratified at the Shareholders' Meeting, the Board of Directors should furnish a plan containing a timetable to withdraw the excess portion.

When the Company has established independent directors, and when making of endorsements / guarantees for others, it shall take into full consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Directors' meeting.

Article 6 Procedures for handling endorsement/guarantee:

1. When the Company processes the endorsement/guarantee, the endorsee/guarantee company shall submit an application to the finance department of the Company, and the finance department shall make a credit investigation of the endorsee/guarantee, evaluates its risk and make an evaluation record. After reviewing, submit it to the general manager and chairman for further instructions, and if necessary, the Company may require the endorsee/guarantee company to provide collaterals.

2. The finance department shall conduct a detailed credit investigation and risk assessment for the borrowing entity, and the assessment shall at least

include:

- (1) Whether extending any guarantee/endorsement is necessary and reasonable.
 - (2) Whether the guarantee/endorsement amount is necessary based on the financial condition of the applicant.
 - (3) Whether the accumulated guarantee/endorsement amount is within the limit.
 - (4) Whether the amount of an endorsement/guarantee arising from business dealings is within the limit of both the guarantee/endorsement amount.
 - (5) Impact on the company's business operations, financial condition, and shareholders' equity.
 - (6) Whether collateral must be obtained and appraisal of the value thereof.
 - (7) Borrower's credit status and risk assessment records.
3. The Finance department shall establish and maintain a memorandum book for its endorsement/guarantee activities and record in detail the following information for the record: the entity for which the endorsement/guarantee is made, the amount, the date of passage by the Board of Directors or of authorization by the Chairman of the board, the date the endorsement/guarantee is made, and the matters to be carefully evaluated under the preceding paragraph.
4. The finance department shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.
5. If, due to changes of circumstances, the party to whom the Company provides endorsement and/or guarantee no longer satisfies the criteria set forth in the regulations, or the amount of endorsement and/or guarantee exceeded the limits, a corrective plan shall be provided to the Audit Committee and the proposed correction actions should be implemented

within the period specified in the plan, and reported at the meeting of the Board of Directors.

6.If the endorsee and/or guarantee is a subsidiary with net worth below 50% of issued capital, the reasonableness of its operation capital should be assessed when making the endorsement. And in addition to the provisions of the first paragraph of Article 6 of the procedures, the company's internal auditors should at least quarterly perform auditing on the Operational Procedures of Funds loans and the implementation and produce written auditing reports. Should there be any violation found, a written report is needed to notify the Supervisors.

7.In the case of a Subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the aforementioned calculation, the sum of the share capital plus paid-in capital in excess of par shall be substituted.

Article 7 Cancellation of Endorsement/guarantee

When there is any cancellation of relevant documents or bills resulting from debt extensions, paybacks, or renewals, the guaranteed company shall send a formal letter to the finance department of Company and provide the documents submitted for endorsement/guarantee application for cancellation stamping and then the stamped documents shall be returned. The formal letter shall be kept by the finance department for reference.

The Finance Department shall at any time write off the written endorsement guarantee into the memorandum book to reduce the amount of endorsement guarantee.

Article 8 Internal audit

1. The company's internal auditors should at least quarterly perform auditing on the Operational Procedures of Endorsement and guarantee and the implementation and produce written auditing reports. Should there be any violation found, a written

report is needed to notify the Supervisors.

- 2.The company shall comply with the prescribed procedures when engaging in endorsement guarantees. Should there be any major violation found, the managers and the persons-in-charge shall be punished pending on the conditions of violation.

Article 9 Procedures for custody of corporate chops.

- 1.The Company shall use the company seals registered with the Ministry of Economic Affairs (MOEA) as the dedicated seals for making endorsements and guarantees.

The seals and guarantee notes shall be separately kept in the custody of designated person, and the procedures shall be complied with before the seals may be used or a negotiable instrument issued.

The persons designated as custodian of the seals for making endorsements and guarantees, and any change therein, shall be reported to the Board for approval.

- 2.When the company making a guarantee for a foreign company, the letter of guarantee to be issued by the Company shall be signed by a person authorized by the Board.
- 3.If the foreign company does not have any seal, the preceding paragraph shall not apply.

Article 10 Announcement and Reporting Procedures

The Company shall announce and report the previous month's balance of endorsements / guarantees of itself and its subsidiaries by the 10th day of each month.

When the balance of endorsements/guarantees of the Company reaches one of the following levels shall announce and report such an event within two days commencing immediately from the date of occurrence of the fact:

- 1.The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50% or more of the Company's net worth as stated in its latest financial statement.
- 2.The balance of endorsements/guarantees by the Company and its subsidiaries

for a single enterprise reaches 20% or more of the Company's net worth as stated in its latest financial statement.

3.The balance of endorsements / guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements / guarantees for, long-term investment in, and balance of loans to, such enterprise reaches 30% or more of Company's net worth as stated in its latest financial statement.

4.The amount of new endorsements or guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5% or more of the Company's net worth as stated in its latest financial statement.

If there is any reporting and announcement required in the preceding four paragraphs for the Company's Subsidiary which is not a Taiwan public company, the Company will follow the requirement on behalf of its Subsidiary.

Article 10-1 "Subsidiary" and "parent company" as referred to in these operational procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Where the Company's financial reports are prepared according to the International Financial Reporting Standards, "net worth" in these Procedures means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 10-2 The term "announce and report" as used in these procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC).

"Date of occurrence" in these procedures means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the transaction entity and amount of the transaction, whichever date is

earlier.

Any subsidiary of the Company intends to make endorsement or provide guarantee to others, shall adopt its own procedures for endorsements and guarantees according to the Guidelines and the procedures of the Company. If the Guidelines and/or the procedures are contrary to local laws applicable to the subsidiary, such provisions of the local laws shall prevail.

Relevant rules and regulations of the Company and other relevant laws and regulations shall apply mutatis mutandis to matters not covered by the Procedures.

Article 13 The Procedures and any amendment to the Procedures shall be approved by the meeting of the board of directors and submitted to supervisors of the board as well as the shareholders' meeting for approval.

Any objection expressed by any director of the board that is minuted or provided in writing shall be reported to supervisors of the board and submitted to the shareholders' meeting for discussion; the same shall apply to amendments to the Procedures.

Where the Company's independent director has been established, when the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director agrees or objects, it shall be recorded in the minutes of the board of directors meeting.

Hotel Holiday Garden
The Operational procedures of election of the Board and the Supervisor

Article 1 To ensure a just, fair, and open election of directors and supervisors, these Procedures are adopted pursuant to Articles 21 and 41 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2 Except as otherwise provided by law and regulation or by the Company's articles of incorporation, elections of directors and supervisors shall be conducted in accordance with these Procedures.

Article 3 The overall composition of the board of directors shall be taken into consideration in the selection of this Company's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs.

It is advisable that the policy include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other

director.

The board of directors of this Company shall consider adjusting its composition based on the results of performance evaluation.

Article 4 The Supervisor of the Company shall meet the following requirements:

- 1.Integrity and a practical attitude.
- 2.Impartial judgment.
- 3.Professional knowledge.
- 4.Broad experience.
- 5.Ability to read financial statements.

In addition to the requirements of the preceding paragraph, at least one among the supervisors of the Company must be an accounting or finance professional.

Appointments of supervisors shall be made with reference to the provisions on independence contained in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, in order to select appropriate supervisors to help strengthen the company's risk management and control of finance and operations.

At least one supervisor position must be held by a person having neither a spousal relationship nor a relationship within the second degree of kinship with any other supervisor or with any director.

A supervisor may not serve concurrently as the director, managerial officer, or any other employee of this Company, and at least one of the supervisors must be domiciled in the Republic of China to be able to promptly fulfill the functions of supervisor.

Article 5 The qualifications of the independent director of the Company shall comply with Articles 2, 3 and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

The election of independent directors of the Company shall comply with Articles 5,6,7,8 and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be handled in accordance with the provisions of Article 24 of the “Code of Practice for Corporate Governance of Listed Companies”.

Article 6 Elections of both directors and supervisors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. This Company shall review the qualifications, education, working experience, background, and the existence of any other

matters set forth in Article 30 of the Company Act with respect to nominee directors and supervisors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified directors and supervisors will be elected.

When the number of directors falls below five due to the dismissal of a director for any reason, this Company shall hold a by-election to fill the vacancy at its next shareholders meeting.

When the number of directors falls short by one third of the total number prescribed in this Company's articles of incorporation, this Company shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting to fill the vacancy.

When the independent directors are dismissed en masse, special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of supervisors falls below that prescribed in this Company's articles of incorporation due to the dismissal of a supervisor for any reason, a by-election to fill the vacancy should ideally be held at the next shareholders meeting. When the supervisors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Article 7 The cumulative voting method shall be used for election of the directors and supervisors at this Company.

Each share will have voting rights in number equal to the directors or supervisors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 8 The board of directors shall prepare separate ballots for directors and supervisors in numbers corresponding to the directors or supervisors to be elected.

The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 9 The number of directors and supervisors will be as specified in this Company's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions.

Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 10 Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel.

The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

Article 11 If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered.

When there are multiple representatives, the names of each respective representative shall be entered.

Article 12 A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by the board of directors.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
5. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and

the number of voting rights allotted.

6. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.

Article 13 The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors or supervisors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 14 The board of directors of the Company shall issue notifications to the persons elected as directors or supervisors.

Article 15 These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Hotel Holiday Garden

Chairman of the Board: Chen Hai-ni